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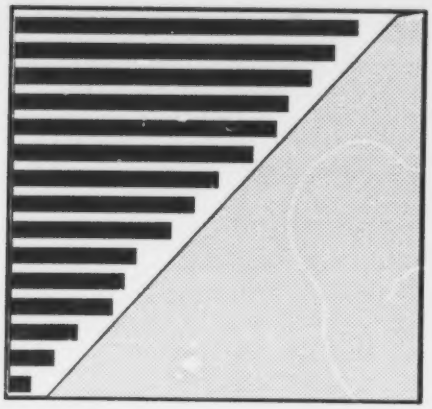

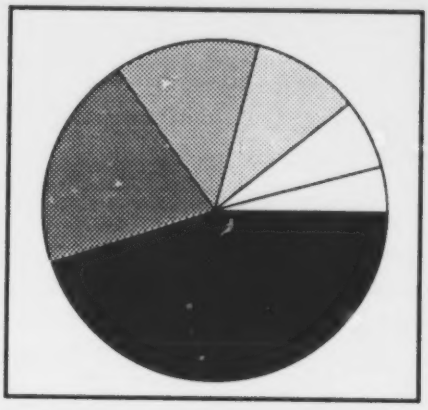

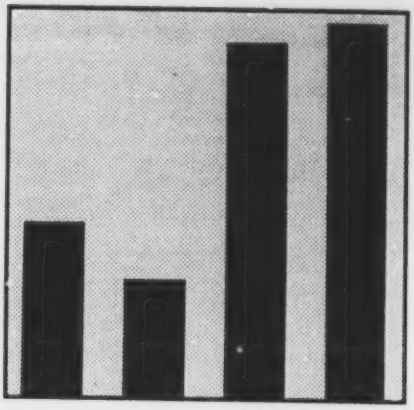

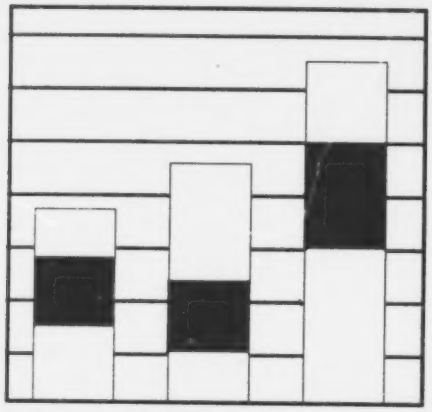

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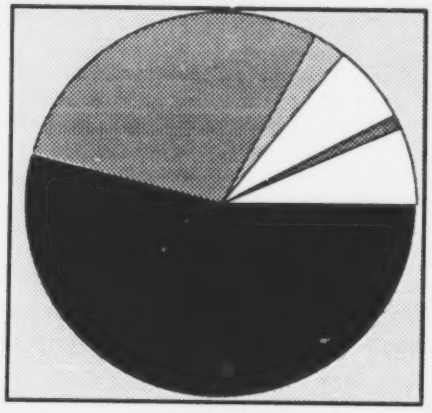

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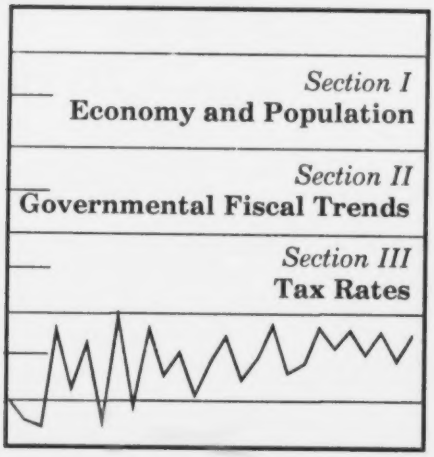

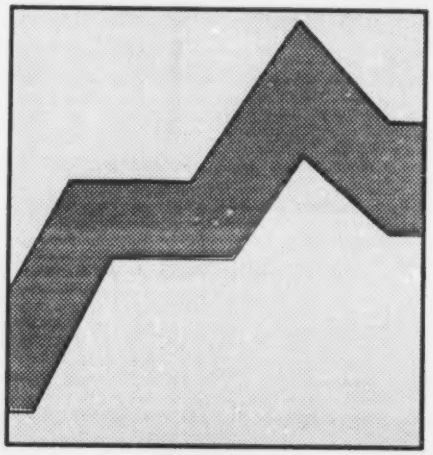

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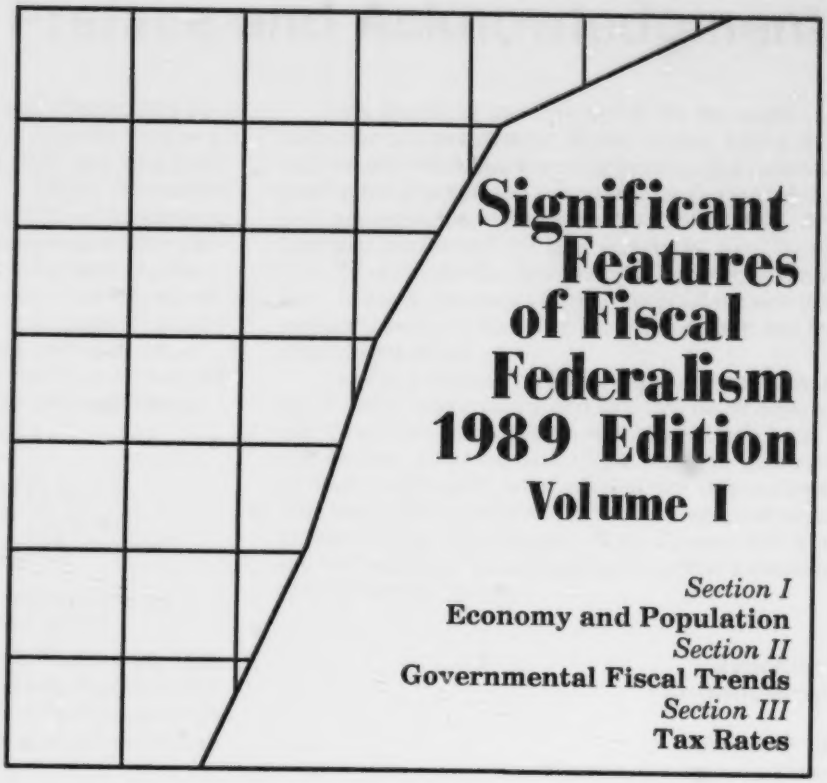

Significant Features of Fiscal Federalism 1989 Edition

Volume I

Section I
Economy and Population
Section II
Governmental Fiscal Trends
Section III
Tax Rates

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Preface and Acknowledgments

This is the first volume of the two-volume 1989 edition of ACIR's *Significant Features of Fiscal Federalism*—the annual compendium of federal, state, and local fiscal data. *Significant Features* provides a single, convenient source of comparative government finance information for policymakers, educators, fiscal analysts and other public finance practitioners, as well as the general public.

As in the past, this volume contains completely revised and up-to-date information on aggregate national and state economic and fiscal trends, and tax rates.

Of particular interest in the 1989 edition are several new tables with updated information on the following:

- State-by-state population (Table 2)
- Gross State Product (Table 3)
- State-by-state personal income (Table 4.1)
- State-by-state per capita income (Table 4.2)
- Structure and costs of direct property tax relief programs (Tables 34-36)
- State and local taxation of telecommunications companies and services (Tables 49-52)

The second volume of *Significant Features* for 1989 will be published in late summer and will contain further detailed historical information on state-by-state revenues and expenditures, measures of government centralization, and state fiscal rankings.

Clay Dursthoff was responsible for the overall data collection and preparation of this volume. Other ACIR staff members are also key participants in the review and production process, and the annual publication of these volumes would be impossible without their help. Anita McPhaul performed the lead secretarial role. Barbara Lipman collected the new material on telecommunications taxation, and James Ortbal compiled the new information relating to state income tax and state and local property tax relief.

Finally, a special expression of thanks goes to Susannah Calkins, whose advice and direction on all aspects of the effort from early design to substantive review was indispensable; to Steven Gold of the National Conference of State Legislatures, who provided first rate review and criticism; to Henry Wulf and the staff of the Governments Division of the U.S. Bureau of the Census; and to the staffs of various state and local government departments throughout the country.

John Kincaid
Executive Director

Robert D. Ebel
Director, Government Finance

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Section I

Economy and Population

Table 1

Selected National Indicators

Years	GNP		Personal Income				GNP Deflators				Population
			Total		Per Capita		Implicit Price Deflator		Consumer Price[3]		
	Current (in billions)	Constant[1] (1982 dollars)	Current (in millions)	Constant[2] (1967 dollars)	Current	Constant[2] (1967 dollars)	Index	Percent Change	Index	Percent Change	
1929	$103.9	$709.6	$84	$164	$692	$1,348	14.6	—	51.3	—	121,767
1939	91.3	716.6	72	173	550	1,323	12.7	-1.4%	41.6	-2.07%	130,880
1949	260.4	1,109.0	206	289	1,383	1,938	23.5	6.4	71.4	5.55	149,188
1950	288.3	1,203.7	228	316	1,504	2,086	23.9	1.7	72.1	0.97	152,271
1951	333.4	1,328.2	257	330	1,662	2,137	25.1	5.0	77.8	7.33	154,878
1952	351.6	1,380.0	274	344	1,744	2,194	25.5	1.6	79.5	2.14	157,553
1953	371.6	1,435.3	291	363	1,821	2,273	25.9	1.6	80.1	0.75	160,184
1954	372.5	1,416.2	293	364	1,804	2,241	26.3	1.5	80.5	0.50	163,026
1955	405.9	1,494.9	314	392	1,901	2,370	27.2	3.4	80.2	-0.37	165,931
1956	428.2	1,525.6	337	414	2,005	2,463	28.1	3.3	81.4	1.47	168,903
1957	451.0	1,551.1	356	423	2,080	2,468	29.1	3.6	84.3	3.44	171,984
1958	456.8	1,539.2	367	424	2,108	2,434	29.7	2.1	86.6	2.66	174,882
1959	495.8	1,629.1	391	448	2,206	2,527	30.4	2.4	87.3	0.80	177,830
1960	515.3	1,665.3	409	462	2,265	2,553	30.9	1.6	88.7	1.58	180,671
1961	533.8	1,708.7	426	475	2,318	2,588	31.2	1.0	89.6	1.00	183,691
1962	574.6	1,799.4	453	500	2,429	2,681	31.9	2.2	90.6	1.10	186,538
1963	606.9	1,873.3	476	491	2,516	2,591	32.4	1.6	91.7	1.20	189,242
1964	649.8	1,973.3	510	615	2,658	3,207	32.9	1.5	92.9	-10.62	191,889
1965	705.1	2,087.6	552	653	2,840	3,361	33.8	2.7	94.5	1.89	194,303
1966	772.0	2,208.3	601	689	3,056	3,505	35.0	3.6	97.2	3.10	196,560
1967	816.4	2,271.4	645	645	3,243	3,243	35.9	2.6	100.0	12.80	198,712
1968	892.7	2,365.6	707	679	3,523	3,381	37.7	5.0	104.2	4.03	200,706
1969	963.9	2,423.3	773	704	3,812	3,472	39.8	5.6	109.8	5.10	202,677
1970	1,015.5	2,416.2	832	715	4,056	3,487	42.0	5.5	116.3	5.59	205,052
1971	1,102.7	2,484.8	894	737	4,304	3,549	44.4	5.7	121.3	4.12	207,661
1972	1,212.8	2,608.5	982	783	4,676	3,732	46.5	4.7	125.3	3.19	209.896
1973	1,359.3	2,744.1	1,102	828	5,198	3,905	49.5	6.5	133.1	5.86	211,909
1974	1,472.8	2,729.3	1,210	819	5,657	3,830	54.0	9.1	147.7	9.88	213,854
1975	1,598.4	2,695.0	1,313	815	6,081	3,772	59.3	9.8	161.2	8.37	215,973
1976	1,782.8	2,826.7	1,451	851	6,655	3,903	63.1	6.4	170.5	5.45	218,035
1977	1,990.5	2,958.6	1,608	886	7,297	4,021	67.3	6.7	181.5	6.06	220,239
1978	2,249.7	3,115.2	1,812	928	8,141	4,166	72.2	7.3	195.4	7.11	222,585
1979	2,508.2	3,192.4	2,034	936	9,036	4,156	78.6	8.9	217.4	10.12	225,055
1980	2,732.0	3,187.1	2,259	915	9,916	4,018	85.7	9.0	246.8	11.91	227,757
1981	3,052.6	3,248.8	2,521	925	10,952	4,020	94.0	9.7	272.4	9.40	230,138
1982	3,166.0	3,166.0	2,671	924	11,485	3,973	100.0	6.4	289.1	5.78	232,520
1983	3,405.7	3,279.1	2,839	951	12,088	4,051	103.9	3.9	298.4	3.12	234,799
1984	3,772.2	3,501.4	3,109	999	13,114	4,215	107.7	3.7	311.1	4.08	237,001
1985r	4,014.9	3,618.,7	3,325	1,032	13,895	4,313	110.9	3.0	322.2	3.45	239,283
1986r	4,240.3	3,721.7	3,531	1,075	14,615	4,450	113.9	2.7	328.4	1.89	241,596
1987r	4,526.7	3,847.0	3,780	1,110	15,506	4,555	117.7	3.3	340.4	3.53	243,773

Note: The National Income and Product Account totals will differ from Census totals. See notes to Tables 4.1 and 4.2.
r—revised from Volume II of the 1988 edition of *Significant Features of Fiscal Federalism.*

[1] Deflated by GNP Implicit Price Deflator

[2] Deflated by Consumer Price Index (CPI-U)

[3] Data beginning 1978 are for all urban consumers (CPI-U). Earlier data are for urban wage and clerical workers. Data beginning 1983 a rental equivalence measure for homeowner's costs.

Source: *Economic Report of the President*, February 1988, Washington, DC. GNP figures from tables B-1 and B-2; Personal Income from table B-26; GNP Implicit Price Deflator from table B-3; Consumer Price Index from table B-58; Population figures from table B-31. 1985-87 revisions from *Survey of Current Business*, July and October 1988. Population includes armed forces overseas beginning in 1940.

Table 2

Population of the States 1967, 1977-87
(thousands)

State	1967	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
United States	197,375	219,760	222,095	224,567	226,546	229,637	231,996	234,284	236,477	238,736	241,095	243,400
New England	11,562	12,240	12,284	12,321	12,349	12,418	12,434	12,494	12,577	12,663	12,742	12,844
Connecticut	2,935	3,086	3,092	3,096	3,108	3,124	3,128	3,143	3,157	3,175	3,193	3,211
Maine	1,004	1,104	1,114	1,123	1,125	1,135	1,139	1,147	1,157	1,165	1,172	1,187
Massachusetts	5,594	5,738	5,736	5,738	5,737	5,754	5,746	5,764	5,795	5,823	5,834	5,855
New Hampshire	697	870	892	909	921	937	948	959	978	998	1,027	1,057
Rhode Island	909	950	952	950	947	952	953	955	960	967	975	986
Vermont	423	492	498	505	511	516	520	526	530	535	541	548
Mideast	41,617	42,483	42,355	42,275	42,236	42,331	42,387	42,562	42,722	42,830	43,033	43,234
Delaware	525	592	595	595	594	597	600	606	614	622	633	644
DC (Washington)	791	677	665	650	638	633	627	624	624	623	625	622
Maryland	3,757	4,170	4,184	4,191	4,217	4,256	4,272	4,299	4,347	4,391	4,461	4,535
New Jersey	6,928	7,337	7,351	7,367	7,365	7,407	7,430	7,468	7,518	7,568	7,625	7,672
New York	17,935	17,813	17,681	17,584	17,558	17,559	17,575	17,670	17,727	17,762	17,795	17,825
Pennsylvania	11,681	11,894	11,879	11,888	11,864	11,879	11,883	11,895	11,892	11,864	11,894	11,936
Great Lakes	39,347	41,381	41,543	41,645	41,683	41,710	41,607	41,511	41,582	41,643	41,724	41,904
Illinois	10,947	11,386	11,413	11,397	11,427	11,474	11,481	11,493	11,525	11,538	11,551	11,582
Indiana	5,053	5,426	5,470	5,501	5,490	5,489	5,484	5,475	5,492	5,500	5,503	5,531
Michigan	8,630	9,171	9,218	9,266	9,262	9,210	9,118	9,054	9,060	9,085	9,139	9,200
Ohio	10,414	10,771	10,796	10,798	10,798	10,801	10,777	10,741	10,742	10,745	10,748	10,784
Wisconsin	4,303	4,627	4,646	4,683	4,706	4,736	4,747	4,748	4,763	4,775	4,783	4,807
Plains	37,642	16,982	17,062	17,137	17,185	17,294	17,351	17,419	17,509	17,550	17,571	22,634
Iowa	2,793	2,914	2,918	2,916	2,914	2,918	2,908	2,905	2,904	2,880	2,850	2,834
Kansas	2,197	2,321	2,336	2,351	2,364	2,389	2,410	2,428	2,441	2,449	2,459	2,476
Minnesota	3,659	3,989	4,015	4,050	4,076	4,112	4,133	4,145	4,163	4,190	4,213	9,246
Missouri	4,539	4,863	4,889	4,912	4,917	4,939	4,943	4,965	5,004	5,034	5,064	5,103
Nebraska	1,457	1,557	1,564	1,567	1,570	1,583	1,590	1,596	1,605	1,604	1,598	1,594
North Dakota	626	650	651	653	653	661	672	681	687	685	679	672
South Dakota	671	688	689	688	691	692	695	699	705	708	708	709
Southeast	42,611	50,314	51,122	51,974	52,669	53,697	54,381	55,065	55,797	56,548	57,288	58,023
Alabama	3,458	3,780	3,832	3,866	3,894	3,928	3,944	3,963	3,991	4,020	4,050	4,083
Arkansas	1,901	2,209	2,243	2,271	2,286	2,300	2,308	2,326	2,346	2,359	2,371	2,388
Florida	6,242	8,856	9,102	9,426	9,746	10,194	10,475	10,758	11,053	11,373	11,694	12,023
Georgia	4,408	5,220	5,296	5,401	5,463	5,570	5,654	5,735	5,843	5,973	6,100	6,222
Kentucky	3,172	3,574	3,610	3,642	3,661	3,675	3,695	3,715	3,723	3,728	3,726	3,727
Louisiana	3,581	4,014	4,069	4,138	4,206	4,300	4,383	4,441	4,462	4,485	4,499	4,461
Mississippi	2,228	2,459	2,488	2,507	2,521	2,544	2,567	2,583	2,599	2,613	2,624	2,625
North Carolina	4,952	5,686	5,759	5,823	5,882	5,958	6,019	6,080	6,169	6,260	6,331	6,413
South Carolina	2,533	2,992	3,044	3,090	3,122	3,186	3,220	3,253	3,296	3,334	3,381	3,425
Tennessee	3,859	4,423	4,486	4,560	4,591	4,639	4,666	4,690	4,728	4,766	4,800	4,855
Virginia	4,508	5,193	5,270	5,308	5,347	5,442	5,488	5,558	5,635	5,701	5,795	5,904
West Virginia	1,769	1,908	1,923	1,942	1,950	1,961	1,962	1,963	1,952	1,936	1,917	1,897
Southwest	15,734	19,704	20,170	20,784	21,275	22,016	22,854	23,495	23,878	24,316	24,753	24,947
Arizona	1,646	2,425	2,515	2,636	2,718	2,808	2,884	2,958	3,047	3,161	3,279	3,386
New Mexico	1,000	1,216	1,238	1,285	1,303	1,335	1,369	1,402	1,427	1,450	1,479	1,500
Oklahoma	2,489	2,870	2,917	2,975	3,025	3,105	3,223	3,317	3,321	3,316	3,306	3,272
Texas	10,599	13,193	13,500	13,888	14,229	14,768	15,378	15,818	16,083	16,389	16,689	16,789
Rocky Mountain	4,783	6,082	6,261	6,443	6,552	6,754	6,924	7,063	7,147	7,216	7,256	7,273
Colorado	2,053	2,696	2,767	2,849	2,890	2,984	3,072	3,148	3,189	3,233	3,266	3,296
Idaho	688	883	911	933	944	964	978	988	999	1,004	1,002	998
Montana	701	770	782	787	787	796	805	816	823	825	817	809
Utah	1,019	1,320	1,368	1,420	1,461	1,516	1,559	1,595	1,623	1,644	1,664	1,680
Wyoming	322	413	433	454	470	494	510	516	513	510	507	490
Far West*	24,778	29,253	29,962	30,628	31,233	32,020	32,613	33,171	33,724	34,393	35,133 3	5,932
California	19,176	22,352	22,836	23,257	23,668	24,267	24,786	25,309	25,780	26,358	27,001	27,663
Nevada	449	678	719	765	800	845	877	895	916	940	967	1,007
Oregon	1,979	2,447	2,518	2,588	2,633	2,671	2,671	2,663	2,679	2,689	2,702	2,724
Washington	3,174	3,776	3,889	4,018	4,132	4,237	4,279	4,304	4,349	4,406	4,463	4,538
Alaska	278	403	405	403	402	416	446	483	505	522	532	525
Hawaii	723	918	932	953	965	980	998	1,019	1,036	1,051	1,065	1,083

*Excludes Alaska and Hawaii.

Source: U.S. Bureau of the Census, Population Division, unpublished data for 1960-79 and published from 1980-87. Data excludes armend forces overseas.

Table 3

Total Gross State Product
(in millions of dollars)

State	1967	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
United States	803,860	1,957,586	2,213,303	2,458,060	2,670,299	2,986,855	3,104,127	3,339,980	3,707,011	3,963,347	4,191,705
New England	47,615	102,828	114,712	126,634	138,413	155,153	164,575	183,072	206,107	225,201	245,850
Connecticut	14,045	29,547	32,995	36,404	39,752	44,612	47,241	52,777	59,363	64,696	70,639
Maine	3,128	7,515	8,457	9,432	10,200	11,325	12,099	13,375	14,782	15,896	17,326
Massachusetts	22,992	49,020	54,087	59,366	65,057	72,780	77,166	85,736	96,980	106,148	115,526
New Hampshire	2,446	6,291	7,410	8,442	9,326	10,672	11,606	13,137	14,846	16,585	18,518
Rhode Island	3,482	7,057	7,771	8,521	9,184	10,236	10,592	11,528	12,921	13,961	15,205
Vermont	1,522	3,399	3,992	4,468	4,894	5,527	5,871	6,519	7,215	7,915	8,636
Mideast	184,938	390,885	429,335	464,874	499,194	555,801	586,093	641,302	706,636	760,094	818,061
Delaware	2,409	5,609	6,077	6,539	7,047	7,879	8,435	9,275	10,186	10,966	11,706
DC (Washington)	6,282	14,975	16,688	17,808	19,029	20,354	21,402	22,959	25,100	27,185	28,791
Maryland	13,756	34,361	38,199	41,643	44,912	49,854	52,583	5,788	64,465	70,580	76,504
New Jersey	30,707	66,915	74,461	81,465	88,516	99,514	106,705	118,357	131,776	142,302	154,765
New York	85,473	170,357	185,092	199,090	214,143	240,237	255,686	282,764	311,727	336,071	362,736
Pennsylvania	46,311	98,668	108,819	118,328	125,547	137,964	141,282	150,058	163,383	172,990	183,559
Great Lakes	176,814	388,106	432,983	467,946	480,518	523,757	526,210	559,774	624,118	662,480	700,852
Illinois	53,048	115,465	127,867	137,989	143,110	156,693	159,778	168,074	187,484	198,138	209,666
Indiana	21,640	47,726	53,386	57,914	59,050	64,456	64,042	67,677	76,086	80,262	84,922
Michigan	40,834	88,484	98,620	104,512	103,841	111,249	108,627	118,373	132,369	143,719	153,240
Ohio	44,488	96,613	108,193	117,472	121,642	133,627	134,204	142,682	158,543	167,645	176,102
Wisconsin	16,803	39,818	44,917	50,059	52,876	57,732	59,558	62,969	69,636	72,716	76,922
Plains	61,142	147,583	167,717	187,820	197,637	222,019	227,437	237,702	265,745	278,528	292,523
Iowa	11,052	26,233	29,995	33,059	34,442	38,917	37,634	37,157	41,407	42,100	43,836
Kansas	8,234	20,341	22,936	26,433	28,066	31,831	33,287	34,966	38,495	40,364	42,472
Minnesota	14,291	35,595	40,285	45,401	48,846	53,766	55,919	59,371	67,250	71,183	75,626
Missouri	17,907	41,328	46,642	51,227	53,142	58,868	61,226	66,640	74,493	79,220	83,534
Nebraska	5,570	13,619	15,410	17,259	18,073	20,820	21,244	21,565	24,268	25,639	26,521
North Dakota	1,992	5,342	6,535	7,604	8,146	10,174	10,293	10,000	10,808	10,725	10,733
South Dakota	2,098	5,125	5,915	6,836	6,922	7,644	7,835	8,003	9,023	9,297	9,802
Southeast	140,042	381,856	436,904	488,375	537,889	608,107	637,204	691,312	772,398	824,201	872,948
Alabama	9,954	25,768	29,607	32,769	34,969	38,829	40,328	43,918	48,710	51,919	55,007
Arkansas	5,249	14,665	17,154	18,911	20,123	22,885	23,462	25,394	28,716	29,926	31,633
Florida	20,837	64,830	75,367	86,060	97,830	110,787	118,301	132,590	149,554	164,340	177,729
Georgia	14,867	40,354	45,868	51,038	55,503	62,481	66,766	74,966	86,213	94,121	102,922
Kentucky	11,312	28,434	32,028	35,234	36,828	40,947	42,286	44,565	49,512	51,234	53,135
Louisiana	14,134	38,003	43,896	51,178	62,166	74,505	75,743	73,930	79,034	79,719	74,426
Mississippi	5,602	15,786	17,959	20,178	21,470	24,545	25,537	26,610	29,637	30,819	31,830
North Carolina	17,124	43,754	49,737	54,532	58,876	65,940	69,128	77,669	87,748	93,821	100,961
South Carolina	7,468	19,709	22,391	25,102	27,275	30,788	31,940	35,224	39,581	41,832	44,727
Tennessee	12,436	33,196	38,289	42,235	45,018	49,881	51,967	56,319	63,207	67,560	72,328
Virginia	15,229	42,880	48,434	53,415	58,634	65,816	70,375	78,506	87,599	95,369	104,155
West Virginia	5,830	14,477	16,172	17,722	19,197	20,702	21,370	21,619	22,885	23,541	24,096
Southwest	58,475	184,656	213,676	248,640	289,160	341,229	356,834	370,289	405,423	430,934	430,180
Arizona	5,600	18,996	22,648	26,888	29,931	33,066	33,603	37,631	43,442	48,589	53,253
New Mexico	3,359	9,982	11,690	13,816	16,442	19,399	20,023	20,910	22,665	23,887	23,603
Oklahoma	8,367	23,587	27,240	32,067	37,739	45,225	48,700	47,592	50,077	50,842	49,814
Texas	41,158	132,091	152,098	175,869	205,047	243,539	254,508	264,156	289,239	307,615	303,510
Rocky Mountain	17,811	53,543	63,370	72,899	82,837	93,558	97,639	102,720	111,605	117,232	120,192
Colorado	7,861	24,772	28,941	33,435	37,620	42,099	45,252	48,462	53,373	56,713	59,177
Idaho	2,402	6,914	8,202	8,957	9,670	10,384	10,432	11,346	12,299	13,027	13,170
Montana	2,482	6,317	7,576	8,576	9,525	10,831	11,007	11,381	11,726	11,543	12,163
Utah	3,479	10,122	11,861	13,498	15,121	17,007	17,892	19,381	21,739	23,172	24,008
Wyoming	1,586	5,417	6,790	8,434	10,900	13,238	13,056	12,150	12,468	12,777	11,673
Far West*	112,487	291,722	336,489	380,514	418,715	455,110	474,230	518,193	577,453	625,446	672,204
California	88,653	227,590	260,296	293,600	325,171	354,905	372,541	408,216	456,874	496,850	533,816
Nevada	2,152	7,118	8,805	10,394	11,970	13,387	13,796	14,890	16,350	17,918	19,426
Oregon	7,869	21,842	25,519	28,656	30,219	31,578	31,148	33,526	36,882	38,922	41,278
Washington	13,814	35,172	41,869	47,865	51,354	55,240	56,745	61,561	67,347	71,756	77,683
Alaska	1,470	7,370	7,997	8,929	12,860	18,723	19,648	20,084	20,802	21,237	19,575
Hawaii	3,066	9,037	10,119	11,431	13,076	13,398	14,259	15,533	16,724	17,994	19,320

Note: Read, for example, in the 1986 column, the first figure of $4,191,705 as $4,191,705,000,000.

*Excludes Alaska and Hawaii.

Source: *Survey of Current Business*, May 1988, pp. 34-37.

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Table 4.1

State Total Personal Income, 1967, 1977-87
(in millions of dollars)

State	1967	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
United States	623,757	1,602,863	1,806,968	2,028,510	2,254,076	2,514,231	2,663,432	2,834,385	3,101,163	3,317,239	3,521,393	3,768,125
New England	40,262	92,633	103,161	115,753	130,367	145,166	156,305	169,145	187,447	201,904	218,629	238,639
Connecticut	12,050	26,449	29,498	33,244	37,685	42,016	45,237	48,630	53,893	57,847	62,418	68,291
Maine	2,578	6,704	7,402	8,272	9,266	10,230	10,902	11,781	12,915	13,834	15,056	16,558
Massachusetts	19,364	43,840	48,573	54,269	60,945	67,818	73,266	79,425	88,260	94,944	102,884	112,085
New Hampshire	2,141	60,006	6,922	7,952	9,048	10,165	10,990	12,260	13,752	15,349	16,845	18,529
Rhode Island	2,934	6,606	7,277	8,078	9,028	9,990	10,643	11,458	12,505	13,305	14,219	15,337
Vermont	1,195	3,027	3,490	3,937	4,396	4,948	5,267	5,591	6,122	6,626	7,207	7,840
Mideast	148,213	335,308	367,961	405,979	450,741	499,680	533,797	570,631	621,851	665,151	709,645	764,303
Delaware	1,940	4,606	5,024	5,498	6,094	6,631	7,198	7,714	8,391	9,082	9,814	10,751
DC (Washington)	3,053	6,599	6,995	7,408	7,828	8,627	9,210	9,599	10,392	11,065	11,803	12,722
Maryland	12,736	33,155	36,875	40,849	45,685	50,954	54,411	58,647	64,544	70,175	75,550	82,190
New Jersey	26,183	61,290	68,047	75,769	85,414	95,189	103,773	112,510	123,602	133,403	143,297	156,145
New York	67,640	142,464	154,800	169,652	188,275	209,179	223,261	239,979	263,537	280,397	299,324	320,930
Pennsylvania	36,661	87,194	96,219	106,803	117,445	129,100	135,945	142,183	151,386	161,029	169,857	181,565
Great Lakes	132,024	317,580	353,172	390,468	420,332	456,725	469,844	493,266	539,149	570,503	602,131	637,451
Illinois	40,694	94,584	104,751	115,252	124,015	137,093	141,841	147,786	161,426	169,921	179,076	190,430
Indiana	15,708	38,460	43,044	47,591	50,790	55,461	56,447	59,036	65,015	68,378	72,217	76,961
Michigan	28,967	72,033	80,406	88,556	94,084	100,094	101,228	107,437	118,047	127,264	135,320	141,618
Ohio	33,525	79,070	87,516	96,737	105,034	114,008	117,766	123,972	134,761	142,033	148,929	157,580
Wisconsin	13,130	33,432	37,454	42,332	46,409	50,070	52,562	55,035	59,900	62,906	66,590	70,862
Plains	47,665	120,075	136,197	152,571	164,085	184,409	192,722	200,485	220,093	232,873	245,931	260,850
Iowa	8,507	20,949	24,195	26,516	27,811	31,503	31,569	31,790	34,763	36,208	37,999	40,348
Kansas	6,632	16,841	19,043	21,807	23,554	26,774	28,459	29,471	31,789	33,855	35,667	37,450
Minnesota	11,259	29,600	33,008	37,256	41,100	45,308	47,734	50,027	55,824	59,289	63,173	67,624
Missouri	13,576	33,563	37,665	42,124	45,764	50,886	53,723	57,091	62,525	66,729	70,618	74,945
Nebraska	4,332	10,810	12,420	13,850	14,586	16,843	17,576	17,987	19,778	20,829	21,683	22,845
North Dakota	1,653	4,067	5,006	5,463	5,589	6,692	7,070	7,361	7,930	8,163	8,441	8,738
South Dakota	1,705	4,246	4,861	5,555	5,680	6,402	6,590	6,760	7,483	7,801	8,351	8,900
Southeast	106,263	309,968	353,217	398,963	448,722	505,212	537,110	577,331	634,235	681,058	726,825	783,155
Alabama	7,742	21,606	24,431	27,335	30,064	33,243	34,851	37,093	40,349	43,038	45,736	48,753
Arkansas	4,147	12,377	14,133	15,759	17,106	19,169	19,855	21,158	23,309	24,825	26,135	27,481
Florida	17,583	61,398	71,400	82,570	96,082	110,295	118,530	130,641	143,926	158,315	170,994	187,365
Georgia	11,435	32,071	36,442	41,027	45,812	51,830	55,787	61,211	68,920	75,376	82,069	88,977
Kentucky	7,665	21,397	24,013	26,899	29,388	32,572	34,281	35,340	38,732	40,168	41,985	44,945
Louisiana	8,911	24,291	27,918	31,739	36,695	42,234	44,863	46,456	48,798	50,638	50,539	51,174
Mississippi	4,370	12,713	14,266	16,153	17,503	19,514	20,551	21,431	23,159	24,143	25,361	27,013
North Carolina	12,299	33,661	38,071	42,334	47,177	52,907	55,867	60,722	67,851	73,029	78,654	85,382
South Carolina	5,786	16,626	18,875	21,269	23,792	26,685	28,048	30,329	33,476	35,783	38,162	41,110
Tennessee	9,283	26,177	29,851	33,499	36,945	40,837	42,969	45,745	50,360	53,681	57,523	62,533
Virginia	12,858	36,436	41,313	46,379	52,701	59,214	63,837	69,310	76,452	82,511	89,372	97,515
West Virginia	4,183	11,255	12,503	14,001	15,456	16,711	17,671	17,895	18,902	19,553	20,296	20,907

Southwest	42,821	133,428	154,653	179,037	204,870	237,775	259,155	272,359	296,109	318,106	327,496	340,131
Arizona	4,422	15,622	18,548	21,942	25,087	28,333	29,756	32,750	36,800	40,954	44,857	48,466
New Mexico	2,424	7,311	8,423	9,557	10,707	12,061	13,012	13,796	14,979	16,248	16,944	17,812
Oklahoma	6,538	18,607	21,326	24,862	28,587	33,184	36,713	36,925	38,824	40,209	40,493	41,069
Texas	29,437	91,887	106,356	122,676	140,489	164,197	179,673	188,888	205,505	220,694	225,203	232,783
Rocky Mountain	13,637	41,938	48,869	55,747	63,096	71,407	76,356	80,934	86,932	91,450	94,847	98,534
Colorado	6,269	20,120	23,287	26,928	30,836	35,403	38,822	41,542	44,947	47,461	49,364	51,369
Idaho	1,814	5,672	6,578	7,288	8,128	8,942	9,079	9,778	10,357	10,863	11,192	11,847
Montana	1,918	4,952	5,860	6,428	7,040	7,861	8,118	8,504	8,922	9,095	9,583	9,992
Utah	2,655	7,988	9,230	10,490	11,711	13,105	14,091	14,998	16,426	17,496	18,253	19,095
Wyoming	981	3,206	3,914	4,612	5,382	6,095	6,246	6,112	6,280	6,536	6,455	6,231
Far West*	89,410	240,022	276,904	315,941	355,984	396,348	418,672	448,600	492,579	531,841	570,474	618,513
California	70,735	187,134	214,939	244,778	276,110	308,730	328,033	352,438	389,183	422,142	453,404	492,989
Nevada	1,576	5,652	6,891	8,019	9,250	10,464	10,956	11,600	12,678	13,791	14,949	16,484
Oregon	6,104	18,079	20,819	23,653	26,055	27,884	28,263	30,010	32,302	33,955	35,778	38,245
Washington	10,955	29,157	34,255	39,491	44,569	49,269	51,420	54,552	58,416	61,953	66,343	70,795
Alaska	1,029	4,701	4,791	5,021	5,599	6,456	7,739	8,758	9,140	9,777	9,780	9,576
Hawaii	2,434	7,210	8,043	9,031	10,279	11,052	11,732	12,875	13,628	14,576	15,634	16,972

Note: The personal income level shown for the United States differs from that in the national income and product accounts, primarily because it omits earnings of federal civilian and military personnel stationed abroad and of U.S. residents who are employed abroad temporarily by private U.S. firms.

*Excludes Alaska and Hawaii.

Source: *Survey of Current Business*, 1967 figures from August 1982; 1977-81 figures from August 1987; 1982-87 figures from August 1988.

Table 4.2

State Per Capita Personal Income, 1967, 1977-87

State	1967	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
United States	$3,161	$7,294	$8,136	$9,033	$9,919	$10,949	$11,480	$12,098	$13,114	$13,895	$14,606	$15,481
New England	3,482	7,557	8,385	9,376	10,542	11,691	12,569	13,539	14,904	15,944	17,158	18,579
Connecticut	4,106	8,563	9,531	10,724	12,110	13,453	14,460	15,474	17,073	18,217	19,547	21,266
Maine	2,568	6,065	6,636	7,354	8,224	9,016	9,568	10,270	11,160	11,876	12,846	13,954
Massachusetts	3,462	7,632	8,458	9,444	10,612	11,787	12,751	13,780	15,230	16,305	17,635	19,142
New Hampshire	3,071	6,889	7,743	8,720	9,789	10,847	11,591	12,787	14,060	15,373	16,396	17,529
Rhode Island	3,227	6,917	7,602	8,444	9,516	10,490	11,168	11,999	13,025	13,763	14,589	15,555
Vermont	2,826	6,151	7,005	7,786	8,578	9,592	10,122	10,639	11,551	12,383	13,320	14,302
Mideast	3,561	7,881	8,674	9,584	10,662	11,805	12,593	13,407	14,556	15,529	16,491	17,678
Delaware	3,695	7,743	8,399	9,181	10,241	11,116	12,000	12,719	13,662	14,590	15,498	16,696
DC (Washington)	3,860	9,679	10,440	11,299	12,279	13,632	14,696	15,371	16,660	17,756	18,876	20,457
Maryland	3,390	7,904	8,755	9,672	10,809	11,972	12,736	13,642	14,847	15,980	16,934	18,124
New Jersey	3,779	8,348	9,250	10,277	11,579	12,853	13,966	15,065	16,442	17,626	18,793	20,352
New York	3,771	7,981	8,736	9,621	10,718	11,914	12,703	13,581	14,867	15,786	16,821	18,004
Pennsylvania	3,138	7,338	8,110	8,995	9,893	10,869	11,440	11,953	12,730	13,573	14,281	15,212
Great Lakes	3,355	7,680	8,508	9,384	10,079	10,950	11,292	11,883	12,966	13,700	14,432	15,212
Illinois	3,717	8,292	9,161	10,090	10,840	11,948	12,355	12,858	14,007	14,728	15,503	16,442
Indiana	3,109	7,116	7,903	8,692	9,248	10,103	10,293	10,783	11,839	12,433	13,124	13,914
Michigan	3,357	7,866	8,738	9,575	10,165	10,867	11,101	11,866	13,030	14,008	14,807	15,393
Ohio	3,219	7,341	8,107	8,958	9,723	10,555	10,927	11,542	12,545	13,219	13,857	14,612
Wisconsin	3,051	7,247	8,088	9,073	9,846	10,573	11,073	11,590	12,576	13,174	13,923	14,742
Plains	2,990	7,084	7,998	8,924	9,533	10,663	11,108	11,510	12,570	13,269	13,998	14,792
Iowa	3,046	7,188	8,289	9,091	9,538	10,795	10,857	10,945	11,972	12,570	13,335	14,236
Kansas	3,019	7,266	8,163	9,290	9,941	11,207	11,811	12,137	13,022	13,826	14,503	15,126
Minnesota	3,077	7,437	8,242	9,226	10,062	11,017	11,549	12,069	13,409	14,149	14,995	15,927
Missouri	2,991	6,927	7,732	8,615	9,296	10,303	10,868	1,150	12,494	13,256	13,946	14,687
Nebraska	2,973	6,954	7,957	8,853	9,272	10,641	11,055	11,266	12,323	12,982	13,572	14,328
North Dakota	2,641	6,265	7,694	8,377	8,539	10,122	10,520	10,804	11,549	11,921	12,440	13,004
South Dakota	2,541	6,163	7,052	8,062	8,218	9,255	9,489	9,673	10,613	11,017	11,803	12,550
Southeast	2,494	6,161	6,911	7,676	8,483	9,408	9,876	10,484	11,367	12,044	12,687	13,497
Alabama	2,239	5,712	6,372	7,064	7,704	8,463	8,837	9,361	10,111	10,705	11,293	11,940
Arkansas	2,181	5,589	6,306	6,945	7,470	8,333	8,604	9,098	9,935	10,523	11,025	11,507
Florida	2,817	6,907	7,819	8,719	9,765	10,820	11,315	12,143	13,021	13,921	14,622	15,584
Georgia	2,594	6,154	6,894	7,610	8,350	9,305	9,867	10,673	11,794	12,618	13,454	14,300
Kentucky	2,417	5,985	6,649	7,382	8,018	8,862	9,277	9,513	10,403	10,755	11,268	12,059
Louisiana	2,489	6,049	6,854	7,668	8,682	9,822	10,234	10,460	10,937	11,291	11,233	11,473
Mississippi	1,962	5,168	5,734	6,441	6,927	7,668	8,006	8,297	8,912	9,239	9,663	10,292
North Carolina	2,484	5,938	6,633	7,297	7,998	8,879	9,281	9,987	10,999	11,665	12,423	13,314
South Carolina	2,284	5,563	6,207	6,890	7,587	8,377	8,710	9,323	10,157	10,734	11,286	12,004
Tennessee	2,406	5,947	6,691	7,389	8,027	8,804	9,208	9,753	10,652	11,263	11,984	12,880
Virginia	2,852	6,999	7,818	8,710	9,818	10,878	11,631	12,469	13,567	14,472	15,423	16,517
West Virginia	2,365	5,906	6,511	7,220	7,916	8,522	9,007	9,115	9,685	10,099	10,587	11,020

Southwest	2,722	6,769	7,664	8,617	9,558	10,795	11,339	11,592	12,401	13,081	13,231	13,634
Arizona	2,686	6,436	7,367	8,316	9,161	10,063	10,316	11,072	12,077	12,955	13,679	14,315
New Mexico	2,424	5,967	6,728	7,463	8,174	9,032	9,506	9,840	10,499	11,203	11,459	11,875
Oklahoma	2,627	6,493	7,321	8,371	9,395	10,676	11,390	11,133	11,692	12,124	12,249	12,551
Texas	2,777	6,965	7,880	8,834	9,795	11,120	11,684	11,941	12,777	13,466	13,494	13,866
Rocky Mountain	2,851	6,899	7,811	8,658	9,568	10,573	11,028	11,457	12,162	12,673	13,070	13,546
Colorado	3,054	7,463	8,417	9,451	10,597	11,865	12,639	13,196	14,094	14,678	15,114	15,584
Idaho	2,637	6,421	7,221	7,814	8,570	9,272	9,284	9,894	10,363	10,823	11,172	11,868
Montana	2,736	6,420	7,474	8,146	8,924	9,877	1,084	10,424	10,836	11,021	11,726	12,347
Utah	2,605	6,068	6,766	7,408	7,953	8,647	9,041	9,400	10,120	10,642	10,968	11,366
Wyoming	3,046	7,790	9,083	10,207	11,339	12,342	12,235	11,837	12,246	12,827	12,723	12,709
Far West*	3,608	8,209	9,244	10,321	11,336	12,379	12,838	13,524	14,606	15,463	16,237	17,213
California	3,689	8,373	9,411	10,526	11,603	12,723	13,235	13,926	15,096	16,016	16,792	17,821
Nevada	3,511	8,335	9,580	10,481	11,421	12,372	12,499	12,962	13,846	14,671	15,453	16,366
Oregon	3,084	7,412	8,296	9,174	9,864	10,446	10,581	11,271	12,055	12,628	13,239	14,041
Washington	3,464	7,729	8,815	9,841	10,727	11,629	12,018	12,675	13,431	14,060	14,866	15,599
Alaska	3,701	11,831	11,912	12,443	13,830	15,543	17,360	18,134	18,090	18,726	18,378	18,230
Hawaii	3,437	7,873	8,660	9,506	10,616	11,276	11,760	12,641	13,157	13,867	14,683	15,679

Note: The personal income level shown for the United States differs from that in the national income and product accounts, primarily because it omits earnings of federal civilian and military personnel stationed abroad and of U.S. residents who are employed abroad temporarily by private U.S. firms.

*Excludes Alaska and Hawaii.

Source: *Survey of Current Business*, 1967 figures from August 1982; 1977-81 figures from August 1987; 1982-87 figures from August 1988.

Section II

Governmental Fiscal Trends

Table 5

Government Expenditures, Selected Years, 1927-87
(In millions of dollars)

Year	All Governments Total[1]	Federal			State			Local Total[2]
		Total	Direct	Intergovernmental	Total	Direct	Intergovernmental	
1927	11,220	3,533	3,410	123	2,047	1,451	596	6,359
1934	12,807	5,941	4,965	976	3,461	2,143	1,318	5,699
1940	20,417	10,061	9,177	884	5,209	3,555	1,654	7,685
1946	79,707	66,534	65,640	894	7,066	4,974	2,092	9,093
1952	99,847	71,568	68,984	2,585	15,834	10,790	5,044	20,229
1957	125,463	81,783	77,910	3,873	24,235	16,796	7,440	31,057
1962	176,240	113,428	105,693	7,735	36,402	25,495	10,906	45,279
1967	257,800	166,849	151,821	15,027	58,760	39,704	19,056	66,648
1972	399,098	242,186	208,602	33,584	109,255	72,496	36,759	118,568
1973	436,907	272,709	231,441	41,268	118,836	78,014	40,822	128,254
1974	478,325	295,488	252,634	42,854	132,134	86,193	45,941	140,387
1975	560,129	341,517	291,889	49,628	158,882	106,905	51,978	162,614
1976	625,076	391,085	322,028	69,057	180,926	123,069	57,858	181,802
1977	682,492	433,340	359,324	74,016	191,225	128,765	62,460	196,307
1978	745,438	479,297	400,125	79,172	203,832	136,545	67,287	211,081
1979	832,385	537,338	452,011	85,327	224,653	148,690	75,963	233,323
1980	958,657	617,166	526,330	90,836	257,812	173,307	84,504	260,777
1981	1,109,815	719,249	624,640	94,609	291,527	198,347	93,180	288,571
1982	1,233,492	796,483	710,469	86,014	310,358	211,615	98,743	313,365
1983	1,350,527	874,264	785,725	88,539	334,019	232,710	101,309	335,098
1984	1,428,027	928,188	829,173	99,015	351,445	243,072	108,373	359,378
1985	1,581,077	1,032,131	924,889	107,242	390,828	269,257	121,571	390,961
1986	1,696,980	1,096,401	980,769	115,632	424,216	292,249	131,966	427,980
1987	1,810,006	1,148,584	1,037,143	111,441	455,696	314,270	141,425	463,826

[1] Excludes duplicative intergovernmental transactions; hence it is less than the sum of the federal, state and local totals in columns 2, 5, and 8.

[2] Includes small amounts of intergovernmental payments to states and the federal government, which totaled $5.2 billion in 1986-87.

Sources: U.S. Bureau of the Census, *1982 Census of Governments*, Volume 6, Topical Studies no. 4, Historical Statistics on Governmental Finances and Employment, GC82(6)-4 (January 1985), Tables 10, 11, 13, and 14. U.S. Bureau of the Census, *Government Finances* [various years] , Tables 8 and 9.

Table 6

Government Revenues, Selected Years, 1927-87
(in millions of dollars)

Year	All Government Total[1]	Federal Total	State				Local			
			Total	Intergovernmental Federal	Intergovernmental Local	Own Source	Total	Intergovernmental Direct Federal	Intergovernmental State[2]	Own Source
1927	12,191	4,469	2,152	107	51	1,994	6,333	9	596	5,728
1934	11,300	3,886	3,421	933	36	2,452	6,363	83	1,318	4,962
1940	17,804	7,000	5,737	667	58	5,012	7,724	278	1,654	5,792
1946	61,532	46,405	8,576	802	63	7,712	9,561	53	2,092	7,416
1952	100,245	71,798	16,815	2,329	156	14,330	19,398	237	5,044	14,117
1957	129,151	87,066	24,656	3,500	427	20,728	29,021	343	7,321	21,357
1962	168,062	106,441	37,595	7,108	373	30,115	43,147	763	10,879	31,506
1967	252,563	161,351	61,082	13,616	673	46,793	64,608	1,753	18,434	44,419
1972	382,835	223,378	112,343	26,791	1,191	84,362	114,791	4,551	35,143	75,097
1973	432,057	253,697	129,808	31,361	1,339	97,108	129,119	7,903	39,963	81,253
1974	483,953	288,411	140,815	31,632	1,538	107,645	143,132	10,188	44,553	88,391
1975	519,265	303,530	157,033	36,148	1,680	119,206	159,726	10,886	51,068	97,772
1976	571,224	324,858	183,821	42,013	2,704	139,104	178,338	13,576	56,169	108,592
1977	657,546	383,495	204,426	45,890	2,737	155,799	196,458	16,554	60,277	119,626
1978	731,736	431,280	225,011	50,200	3,261	171,550	214,518	19,393	64,661	130,464
1979	829,371	500,927	247,005	54,548	2,539	189,917	234,630	20,616	74,162	139,853
1980	932,199	565,477	276,962	61,892	2,434	212,636	258,298	21,136	81,289	155,873
1981	1,075,387	660,759	310,828	67,868	2,918	240,042	287,834	22,427	89,017	176,391
1982	1,144,787	687,647	330,899	66,026	3,139	261,732	315,322	21,256	95,363	198,703
1983	1,181,420	679,663	357,637	68,962	3,742	284,933	338,070	21,021	98,378	218,670
1984	1,307,483	754,016	397,087	76,140	5,310	315,637	366,156	20,912	105,820	239,425
1985	1,418,781	806,808	438,954	84,469	5,453	349,032	402,544	21,724	116,359	264,461
1986	1,515,629	847,516	481,174	92,666	5,908	382,600	434,751	20,433	126,824	287,494
1987	1,677,737	952,631	516,941	95,463	6,918	414,560	469,317	19,533	136,752	313,032

[1] Excludes duplicative intergovernmental transactions; hence it is less than the sum of the federal, state, and local totals in columns 2, 3, and 7.

[2] Includes substantial, but unknown, amounts of federal grants to states that are "passed through" by the states to local governments. which totaled $5.2 billion in 1986-87.

Sources: U.S. Bureau of the Census, *1982 Census of Governments*, Volume 6, Topical Studies no. 4, Historical Statistics on Governmental Finances and Employment, GC82(6)-4 (January 1985), Tables 10, 11, 13, and 14. U.S. Bureau of the Census, *Government Finances* [various years], Tables 8 and 9.

Table 7

Government Debt,[1] Selected Years 1929-87

Fiscal Year	Total Public Sector	Federal Government	Total State-Local Government	State	Local
		Amount (in billions of current dollars)			
1929	$33.4	$16.9	$16.5	$2.3	$14.2
1939	60.5	40.4	20.1	3.5	16.6
1949	273.7	252.8	20.9	4.0	16.9
1954	309.7	270.8	38.9	9.6	29.3
1959	348.8	284.7	64.1	16.9	47.2
1964	409.0	316.8	92.2	25.0	67.2
1969	500.7	367.1[2]	133.6	39.6	94.0
1974	692.8	486.2	206.6	65.3	141.3
1979	1,137.9	833.8	304.1	111.7	192.4
1980	1,249.9	914.3	335.6	122.0	213.6
1981	1,367.7	1,003.9	363.8	134.8	229.0
1982	1,546.3	1,147.0	399.3	147.5	251.8
1983	1,836.4	1,381.9	454.5	167.3	287.2
1984	2,081.7	1,576.7	505.0	186.4	318.7
1985	2,398.8	1,827.5	571.4	211.9	359.4
1986r	2,788.4	2,129.5	658.9	247.7	411.2
1987r	3,072.7	2,354.1	718.7	265.7	452.9
		As a Percentage of GNP			
1929	32.1%	16.3%	15.9%	2.2%	13.7%
1939	66.3	44.2	22.0	3.8	18.2
1949	105.1	97.1	8.0	1.5	6.5
1954	83.1	72.7	10.4	2.6	7.9
1959	70.4	57.4	12.9	3.4	9.5
1964	62.9	48.8	14.2	3.8	10.3
1969	51.9	38.1	13.9	4.1	9.8
1974	47.0	33.0	14.0	4.4	9.6
1979	45.4	33.2	12.1	4.5	7.7
1980	45.7	33.5	12.3	4.5	7.8
1981	44.8	32.9	11.9	4.4	7.5
1982	48.8	36.2	12.6	4.7	8.0
1983	53.9	40.6	13.3	4.9	8.4
1984	55.2	41.8	13.4	4.9	8.4
1985	59.8	45.6	14.2	5.3	9.0
1986r	65.8	50.3	15.6	5.8	9.7
1987r	68.5	52.5	16.0	5.9	10.1
		Per Capita (in constant 1982 dollars)			
1929	$1,879	$951	$928	$129	$799
1939	3,640	2,431	1,209	211	999
1949	7,807	7,211	596	114	482
1954	7,223	6,316	907	224	683
1959	6,452	5,266	1,186	313	873
1964	6,479	5,018	1,460	396	1,064
1969	6,207	4,551	1,656	491	1,165
1974	5,999	4,210	1,789	565	1,224
1979	6,433	4,714	1,719	631	1,088
1980	6,403	4,684	1,719	625	1,094
1981	6,322	4,641	1,682	623	1,059
1982	6,650	4,933	1,717	634	1,083
1983	7,528	5,665	1,863	686	1,177
1984	8,156	6,177	1,978	730	1,249
1985	9,015	6,868	2,147	796	1,351
1986r	10,115	7,725	2,390	899	1,492
1987r	10,727	8,219	2,509	928	1,581

Table 7 (cont.)

Government Debt,[1] Selected Years 1929-87

Fiscal Year	Total Public Sector	Federal Government	Total State-Local Government	State	Local
		Percentage Distribution, by Level of Government			
1929	100.0%	50.6%	49.4%	6.9%	42.5%
1939	100.0	66.8	33.2	5.8	27.4
1949	100.0	92.4	7.6	1.5	6.2
1954	100.0	87.4	12.6	3.1	9.5
1959	100.0	81.6	18.4	4.8	13.5
1964	100.0	77.5	22.5	6.1	16.4
1969	100.0	73.3	26.7	7.9	18.8
1974	100.0	70.2	29.8	9.4	20.4
1979	100.0	73.3	26.7	9.8	16.9
1980	100.0	73.2	26.8	9.8	17.1
1981	100.0	73.4	26.6	9.9	16.7
1982	100.0	74.2	25.8	9.5	16.3
1983	100.0	75.3	24.7	9.1	15.6
1984	100.0	75.7	24.3	9.0	15.3
1985	100.0	76.2	23.8	8.8	15.0
1986r	100.0	76.4	23.6	8.9	14.7
1987r	100.0	76.6	23.4	8.6	14.7

r—revised from Volume II of the 1988 edition of *Significant Features of Fiscal Federalism.*

[1] Total debt outstanding at the end of the fiscal year. These debt figures include all long-term credit obligations backed by the governments' full-faith and credit as well as nonguaranteed debt, and all interest-bearing short-term credit obligations. Includes judgment, mortgage and revenue bonds.

[2] During 1959, three government-sponsored enterprises became completely privately owned, and their debt was removed from the totals for the federal government. At the date of their conversion, federal debt was reduced by $10.7 billion.

Sources: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances in [year]* (Table 2 in the 1986-87 edition); FY87 federal debt figure from Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1989*, Summary Table 19, p. 6g-40. GNP deflator and population figures from Table 1 of this publication. Federal debt figures include debt amounts held in government accounts (approximately $458 billion in FY 87); compare to federal debt figures in Table 10 of this publication.

Table 8

Net Interest Payments, Selected Years 1929-87

Calendar Year	Total Public Sector	Federal Government	Total State-Local Government	Total Public Sector	Federal Government	Total State-Local Government
	Amount (millions of current dollars)			As a Percentage of GNP		
1929	$668	$256	$412	0.6%	0.2%	0.4
1939	1,130,	617	513	1.2	0.7	0.6
1949	4,475	4,264	211	1.7	1.6	0.1
1954	4,980	4,648	332	1.3	1.2	0.1
1959	6,920	6,168	752	1.4	1.2	0.2
1964	9,146	7,990	1,156	1.4	1.2	0.2
1969	13,536	12,698	838	1.4	1.3	0.1
1974	20,828	20,677	151	1.4	1.4	*
1979	41,510	42,535	-1,025	1.7	1.7	*
1980	50,162	53,331	-3,169	1.8	2.0	-0.1
1981	68,519	72,363	-3,844	2.2	2.4	-0.1
1982	82,060	84,560	-2,500	2.6	2.7	-0.1
1983	96,011	94,270	1,741	2.8	2.8	0.1
1984	117,732	115,617	2,115	3.1	3.1	0.1
1985	131,990	130,182	2,621	3.3	3.2	*
1986r	138,800	135,400	4,487	3.3	3.2	0.1
1987r	147,487	143,000	6,900	3.3	3.2	0.1
	Per Capita (in constant 1982 dollars)			Percentage Distribution, by Level of Government		
1929	$38	$14	$23	100.0%	38.3%	61.7%
1939	68	37	31	100.0	54.6	45.4
1949	128	122	6	100.0	95.3	4.7
1954	116	108	8	100.0	93.3	6.7
1959	128	114	14	100.0	89.1	10.9
1964	145	127	18	100.0	87.4	12.6
1969	168	157	10	100.0	93.8	6.2
1974	180	179	1	100.0	99.3	0.7
1979	235	240	-6	100.0	102.5	-2.5
1980	257	273	-16	100.0	106.3	-6.3
1981	317	335	-18	100.0	105.6	-5.6
1982	353	364	-11	100.0	103.0	-3.0
1983	394	386	7	100.0	98.2	1.8
1984	461	453	8	100.0	98.2	1.8
1985	496	489	7	100.0	98.6	1.4
1986r	504	491	10	100.0	97.6	1.9
1987r	515	499	16	100.0	97.0	3.0

Negative figures indicate net interest revenue.

*—less than +/- 0.1%

r—revised from Volume I of the 1988 edition of *Significant Features of Fiscal Federalism.*

Note: Net interest payments are equal to total interest paid on government debt less interest earned on cash and securities holdings. Interest earnings from state-local social insurance trusts were excluded from the net interest figures cited in this table, while earnings from federal social insurance trusts were included. This adjustment was necessary because of the fundamental difference in the way these trusts are financed. Note also that state-local net interest payments reflect an imputation for the value of services provided by financial institutions for which governments receive no remuneration. For example, in 1986 net interest paid ($4.4b) equaled interest received ($82.4b) plus dividends ($5.5b) less social insurance and interest and dividends received ($44.7b) less interest paid ($47.6b). See *Survey of Current Business,* July *(year)* tables 3.3, 3.13, and 3.16.

Sources: ACIR staff compilation and computations based on Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts, Historical Series*, 1929-82; figures for 1984-86 from *Survey of Current Business,* July 1987, Tables 3.3, 3.13 and 3.16. Population, GNP and GNP deflator data from Table 1 of this publication.

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Table 9

Federal Government Expenditures, Selected Years 1954-87

Calendar Year	Total Federal Expenditure	Net Interest Paid	National Defense	Total Domestic Programs*	Social Security[1]	Federal Aid to State and Local Governments[2]	All Other
			Amount (in billions of current dollars)				
1954	$ 70.3	$ 4.6	$ 41.6	$ 24.0	$ 3.7	$ 2.8	$ 17.5
1959	91.7	6.2	46.4	39.1	10.4	6.7	22.0
1964	119.5	8.0	50.6	60.9	16.5	10.1	34.3
1969	191.3	12.7	79.1	99.5	34.0	19.9	45.5
1974	305.5	20.7	82.9	201.9	72.3	43.3	86.3
1979	521.1	42.5	122.5	356.1	135.0	79.3	141.8
1980	615.1	53.3	143.4	418.4	157.7	87.3	173.4
1981	703.3	72.4	168.3	462.6	185.9	86.3	190.5
1982	781.2	84.6	194.7	501.9	208.8	82.1	211.0
1983	835.9	94.3	214.9	526.7	226.2	84.6	215.8
1984	895.6	115.6	235.1	544.9	240.4	91.8	212.7
1985r	985.6	130.1	260.3	595.2	258.4	97.5	239.3
1986r	1,033.9	135.4	279.3	619.2	274.3	103.9	241.0
1987r	1,074.2	143.0	297.2	634.0	288.1	99.7	246.2
			As a Percentage of Gross National Product				
1954	18.9%	1.2%	11.2%	6.4%	1.0%	0.8%	4.7%
1959	18.5	1.2	9.4	7.9	2.1	1.3	4.4
1964	18.4	1.2	7.8	9.4	2.5	1.6	5.3
1969	19.8	1.3	8.2	10.3	3.5	2.1	4.7
1974	20.7	1.4	5.6	13.7	4.9	2.9	5.9
1979	20.8	1.7	4.9	14.2	5.4	3.2	5.7
1980	22.5	2.0	5.3	15.3	5.8	3.2	6.3
1981	23.0	2.4	5.5	15.2	6.1	2.8	6.2
1982	24.7	2.7	6.1	15.9	6.6	2.6	6.7
1983	24.5	2.8	6.3	15.5	6.6	2.5	6.3
1984	23.7	3.1	6.2	14.4	6.4	2.4	5.6
1985r	24.6	3.2	6.5	14.8	6.4	2.4	6.0
1986r	24.4	3.2	6.6	14.6	6.5	2.5	5.7
1987r	23.9	3.2	6.6	14.1	6.4	2.2	5.5
			Per Capita (in constant 1982 dollars)				
1954	$1,639	$108	$971	$ 560	$ 87	$ 66	$407
1959	1,696	114	859	723	193	123	407
1964	1,893	127	802	965	261	161	543
1969	2,371	157	981	1,233	422	247	565
1974	2,645	179	718	1,749	626	375	747
1979	2,946	240	692	2,013	763	448	801
1980	3,152	273	735	2,143	808	447	888
1981	3,251	335	778	2,139	859	399	881
1982	3,360	364	837	2,159	898	353	908
1983	3,427	386	881	2,159	927	347	885
1984	3,509	453	921	2,135	942	360	833
1985r	3,704	489	978	2,237	971	366	897
1986r	3,751	491	1,013	2,246	995	377	874
1987r	3,750	494	1,038	2,213	1,006	348	860

Table 9 (cont.)

Federal Government Expenditures, Selected Years 1954-87

Calendar Year	Total Federal Expenditure	Net Interest Paid	National Defense	Total Domestic Programs*	Social Security[1]	Federal Aid to State and Local Governments[2]	All Other
			Percentage Distribution by Function				
1954	100.0%	6.6%	59.2%	34.2%	5.3%	4.0%	24.9%
1959	100.0	6.7	50.6	42.6	11.4	7.3	24.0
1964	100.0	6.7	42.4	51.0	13.8	8.5	28.7
1969	100.0	6.6	41.4	52.0	17.8	10.4	23.8
1974	100.0	6.8	27.1	66.1	23.7	14.2	28.2
1979	100.0	8.2	23.5	68.3	25.9	15.2	27.2
1980	100.0	8.7	23.3	68.0	25.6	14.2	28.2
1981	100.0	10.3	23.9	65.8	26.4	12.3	27.1
1982	100.0	10.8	24.9	64.3	26.7	10.5	27.0
1983	100.0	11.3	25.7	63.0	27.1	10.1	25.8
1984	100.0	12.9	26.3	60.8	26.8	10.3	23.7
1985r	100.0	13.2	26.4	60.4	26.2	9.9	24.3
1986r	100.0	13.1	27.0	59.9	26.5	10.0	23.3
1987r	100.0	13.3	27.7	59.0	26.8	9.3	22.9

*All federal expenditures less defense spending and interest payments.

r—revised from Volume II of the 1988 edition of *Significant Features of Fiscal Federalism.*

[1] Old age, survivors, disability and health (Medicare) insurance.

[2] To avoid double-counting, federal aid figures exclude the relatively small amounts of federal payments to state and local governments for the purposes of national defense and social security; these amounts are included in the columns labeled "National Defense" and "Social Security." In 1987, these expenditures were $2.185 billion and $0.7516 billion, respectively.

Sources: ACIR staff compilation and computations from Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts, Historical Series*, 1929-82, Statistical Tables (for 1929-82 data); *Survey of Current Business*, July 1986 (for 1983 data); *Survey of Current Business*, July 1988 (for 1984 and 1985 figures); figures for 1986 and 1987 based on data in *Survey*, October 1988. Social Security and federal aid to state and local governments data in *Survey of Current Business*, July 1988.

Table 10

Federal Budget Receipts, Outlays, Surplus or Deficit, Total Debt and Interest on Debt, 1789-1989

(dollar amounts in millions)

	Budget		Annual Budget Surplus or Deficit			Debt Outstanding and Interest on Debt			
Fiscal Year	Receipts	Outlays	Amount	As a Percent of Receipts	As a Percent of Outlays	Total Debt Held by Public	Debt as a Percent of GNP	Net Interest Paid	Net Interest Paid as Percent of Outlays
1789-1849	$1,160	$1,090	$70	6.0%	6.4%	$63	NA	NA	NA
1850-1900	14,462	15,453	-991	-6.9	-6.4	1,263	NA	NA	NA
1901-16	10,218	10,155	63	0.6	0.6	1,225	NA	NA	NA
1917-19	9,876	33,124	-23,248	-235.4	-70.2	25,485	NA	NA	NA
1920-29	43,181	35,556	7,625	17.7	21.4	16,931	16.4%	NA	NA
1930-39	40,015	60,896	-20,881	-52.2	-34.3	40,440	44.5	NA	NA
1940	6,548	9,468	-2,920	-44.6	-30.8	42,772	44.6	$899	9.5%
1941	8,712	13,653	-4,941	-56.7	-36.2	48,223	42.7	943	6.9
1942	14,634	35,137	-20,503	-140.1	-58.4	67,753	47.6	1,052	3.0
1943	24,001	78,555	-54,554	-227.3	-69.4	127,766	72.7	1,529	1.9
1944	43,747	91,304	-47,557	-108.7	-52.1	184,796	91.5	2,219	2.4
1945	45,159	92,712	-47,553	-105.3	-51.3	235,182	110.7	3,112	3.4
1946	39,296	55,232	-15,936	-40.6	-28.9	241,861	113.6	4,111	7.4
1947	38,514	34,496	4,018	10.4	11.6	224,339	100.3	4,204	12.2
1948	41,560	29,764	11,796	28.4	39.6	216,270	87.3	4,341	14.6
1949	39,415	38,835	580	1.5	1.5	214,322	81.2	4,523	11.6
1950	39,443	42,562	-3,119	-7.9	-7.3	219,023	82.1	4,812	11.3
1951	51,616	45,514	6,102	11.8	13.4	214,326	68.0	4,665	10.2
1952	66,167	67,686	-1,519	-2.3	-2.2	214,758	62.7	4,701	6.9
1953	69,608	76,101	-6,493	-9.3	-8.5	218,383	59.7	5,156	6.8
1954	69,701	70,855	-1,154	-1.7	-1.6	224,499	60.8	4,811	6.8
1955	65,451	68,444	-2,993	-4.6	-4.4	226,616	58.6	4,850	7.1
1956	74,587	70,640	3,947	5.3	5.6	222,226	53.2	5,079	7.2
1957	79,990	76,578	3,412	4.3	4.5	219,421	49.8	5,354	7.0
1958	79,636	82,405	-2,769	-3.5	-3.4	226,363	50.3	5,604	6.8
1959	79,249	92,098	-12,849	-16.2	-14.0	235,003	48.8	5,762	6.3
1960	92,492	92,191	301	0.3	0.3	237,177	46.8	6,947	7.5
1961	94,388	97,723	-3,335	-3.5	-3.4	238,604	46.0	6,716	6.9
1962	99,676	106,821	-7,145	-7.2	-6.7	248,373	44.5	6,889	6.4
1963	106,560	111,316	-4,756	-4.5	-4.3	254,461	43.3	7,740	7.0
1964	112,613	118,528	-5,915	-5.3	-5.0	257,553	40.9	8,199	6.9
1965	116,817	118,228	-1,411	-1.2	-1.2	261,614	38.9	8,591	7.3
1966	130,835	134,532	-3,697	-2.8	-2.7	264,690	35.8	9,386	7.0
1967	148,822	157,464	-8,642	-5.8	-5.5	267,529	33.7	10,268	6.5
1968	152,973	178,134	-25,161	-16.4	-14.1	290,629	34.2	11,090	6.2
1969	186,882	183,640	3,242	1.7	1.8	279,483	30.1	12,699	6.9
1970	192,807	195,649	-2,842	-1.5	-1.5	284,880	28.8	14,380	7.4
1971	187,139	210,172	-23,033	-12.3	-11.0	304,328	28.8	14,841	7.1
1972	207,309	230,681	-23,372	-11.3	-10.1	323,770	28.1	15,478	6.7
1973	230,799	245,707	-14,908	-6.5	-6.1	343,045	26.8	17,349	7.1
1974	263,224	269,359	-6,135	-2.3	-2.3	346,053	24.4	21,449	8.0
1975	279,090	332,332	-53,242	-19.1	-16.0	396,906	26.1	23,244	7.0
1976	298,060	371,779	-73,719	-24.7	-19.8	480,300	28.3	26,714	7.2
1976TQ	81,232	95,973	-14,741	-18.1	-15.4	498,327	27.8	6,946	7.2
1977	355,559	409,203	-53,644	-15.1	-13.1	551,843	28.5	29,886	7.3
1978	399,561	458,729	-59,168	-14.8	-12.9	610,948	28.1	35,441	7.7
1979	463,302	503,464	-40,162	-8.7	-8.0	644,589	26.3	42,615	8.5
1980	517,112	590,920	-73,808	-14.3	-12.5	715,105	26.8	52,512	8.9
1981	599,272	678,209	-78,937	-13.2	-11.6	794,434	26.6	68,734	10.1
1982	617,766	745,706	-127,940	-20.7	-17.2	929,427	29.6	84,995	11.4
1983	600,562	808,327	-207,765	-34.6	-25.7	1,141,771	34.4	89,774	11.1
1984	666,457	851,781	-185,324	-27.8	-21.8	1,312,589	35.6	111,058	13.0
1985	734,057	946,316	-212,259	-28.9	-22.4	1,509,857	38.3	129,430	13.7
1986	769,091	990,231	-221,140	-28.8	-22.3	1,746,141	41.6	135,969	13.7
1987	854,143	1,004,586	-150,443	-17.6	-15.0	1,897,836	43.0	138,570	13.8
1988e	909,163	1,055,904	-146,741	-16.1	-13.9	2,025,083	43.0	147,871	14.0
1989e	964,674	1,094,215	-129,541	-13.4	-11.8	2,152,104	42.8	151,804	13.9

NA—not available

TQ—Transition Quarter

e—OMB estimate.

Sources: ACIR staff compilation and computations from: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1989*, Summary Table 24 (Cols. 1-4); Summary Table 19 (Cols. 7-8). Summary Table 18 (Col. 9); see also *Historical Tables, Budget*, FY88, Table 7.1 (Cols. 7-8), Table 6.1 (Col. 9), Table 6.2 (Col. 10). Debt figures prior to 1940 from U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, Part 2, Series Y493, p. 1117. Debt figures exclude amounts held in government accounts; compare to Table 7 of this publication. Final figures for 1987 from Final Monthly Treasury Statement for Month and Year Ending September 30, 1987.

Table 11

Federal Grants-in-Aid in Relation to State-Local Outlays, Total Federal Outlays and Gross National Product, 1955-89

(dollar amounts in billions)

	Federal Grants-in-Aid (current dollars)					Exhibits:				
			As a Percentage of—			Federal Grants Constant Dollars (1982 dollars, GNP deflator)			Grants for Payments to Individuals	
Fiscal Year[1]	Amount	Percent Increase or Decrease (-)	Total State-Local Outlays[2]	Total Federal Outlays	Gross National Product	Amount	Percent Real Increase/ Decrease (-)	Number of Federal Grant Programs[3]	Amount	Percent of Total Grants
1955	$3.2	4.9%	10.2%	4.7%	0.8%	$12.7	4.1%	NA	$1.6	50.0%
1956	3.7	15.6	10.4	5.0	0.9	13.9	9.4	NA	1.7	45.9
1957	4.0	8.1	10.5	5.2	0.9	14.8	6.5	NA	1.8	45.0
1958	4.9	22.5	11.7	6.0	1.1	17.6	18.9	NA	2.1	42.9
1959	6.5	32.7	14.1	7.0	1.3	23.0	30.7	NA	2.4	36.9
1960	7.0	7.7	14.5	7.6	1.4	24.7	7.4	132	2.5	35.7
1961	7.1	1.4	13.7	7.3	1.4	24.8	0.4	NA	2.6	36.7
1962	7.9	11.3	14.1	7.4	1.4	27.1	9.3	NA	2.9	37.1
1963	8.6	8.9	14.2	7.7	1.5	28.7	5.9	NA	3.3	38.0
1964	10.1	17.4	15.4	8.6	1.6	33.6	17.1	NA	3.5	34.9
1965	10.9	7.9	15.1	9.2	1.6	35.4	5.4	NA	3.7	33.9
1966	13.0	19.3	16.1	9.6	1.7	40.6	14.7	NA	4.3	33.2
1967	15.2	16.9	16.9	9.7	1.9	46.0	13.3	379	4.8	31.3
1968	18.6	22.4	18.3	10.4	2.2	53.4	16.1	NA	6.0	32.3
1969	20.3	9.1	17.8	11.0	2.2	54.8	2.6	NA	7.1	35.5
1970	24.0	18.2	19.0	12.3	2.4	61.2	11.7	NA	8.6	35.8
1971	28.1	17.1	19.7	13.4	2.7	66.8	9.2	NA	10.4	36.9
1972	34.4	22.4	21.7	14.9	3.0	77.2	15.6	NA	13.8	40.1
1973	41.8	21.5	24.0	17.0	3.3	88.9	15.2	NA	13.7	32.7
1974	43.4	3.8	22.3	16.1	3.1	84.6	–4.8	NA	14.6	33.6
1975	49.8	14.7	22.6	15.0	3.3	87.1	3.0	442	16.4	33.0
1976	59.1	18.7	24.1	15.9	3.5	96.2	10.4	NA	19.6	33.2
1977	68.4	15.7	25.5	16.7	3.5	103.6	7.7	NA	22.2	32.4
1978	77.9	13.9	26.5	17.0	3.6	109.7	5.9	492	24.2	31.0
1979	82.9	6.4	25.8	16.5	3.4	106.7	–2.7	NA	26.9	32.4
1980	91.5	10.4	25.8	15.5	3.4	105.9	–0.7	NA	31.9	34.9
1981	94.8	3.6	24.7	14.0	3.2	100.7	–4.9	539	36.9	39.0
1982	88.2	–7.0	21.6	11.8	2.8	88.2	–12.4	441	37.9	42.9
1983	92.5	4.9	21.3	11.4	2.8	88.8	0.7	NA	41.6	45.0
1984r	97.6	5.5	20.9	11.5	2.6	90.2	1.6	405	44.3	45.4
1985r	105.9	8.5	20.9	11.2	2.7	93.9	4.1	NA	48.1	45.4
1986r	112.4	6.1	20.5	11.3	2.7	96.7	3.0	NA	52.8	47.0
1987r	108.4	–3.6	18.2	10.8	2.5	90.6	–6.3	435	56.4	52.0
1988r	116.7	7.7	18.1	11.0	2.5	93.8	3.5	NA	61.0	52.3
1989e	119.0	2.0	17.1	10.9	2.4	92.2	–1.7	NA	63.8	53.6

e—OMB estimate.

r—revised from Volume I of the 1988 edition of *Significant Features of Fiscal Federalism.*

NA—not available.

Note: See *Special Analysis H* of the *Budget of the United States* for explanation of differences between grant-in-aid figures published by the *National Income and Product Accounts*, Census and OMB.

[1] For 1955-76, years ending June 30; 1977-88, years ending September 30.

[2] As defined in the *National Income and Product Accounts.*

[3] Includes categorical grants, block grants and Revenue Sharing. In 1987, there were 422 categorical grants and 13 block grants.

Sources: ACIR staff compilation and computations based on U.S. Office of Management and Budget, *Budget of the United States Government FY 1989, Special Analysis H,* Tables H-7 and H-8 [see also, *Budget, FY 1989, Historical Tables,* Table 12.1 for grants in constant (1982) dollars]; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business,* [monthly]; ACIR, *A Catalog of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded FY 1987,* August 1987.

Table 12

Per Capita Federal Expenditure, by Region and State, Fiscal Year 1987

Region and State	Index of Per Capita Federal Expenditures (US Average = 100)	Total Federal Expenditures by State (in millions)	Per Capita Federal Expenditures by State	Per Capita Grants to State and Local Governments	Per Capita Salaries and Wages	Per Capita Direct Payments to Individuals	Per Capita Procurement Contract Awards	All Per Capita Other	Per Capita State Ranking [High = 1; Low = 50] Expenditures	Per Capita State Ranking [High = 1; Low = 50] Grants Only
United States	100	$818,803	$3,364	$427	$517	$1,562	$724	$134		
New England	118	51,191	3,986	499	384	1,629	1,334	139		
Connecticut	126	13,600	4,235	464	330	1,535	1,729	178	8	17
Maine	103	4,108	3,461	580	393	1,693	741	53	18	7
Massachusetts	130	25,513	4,357	509	376	1,693	1,615	164	7	12
New Hampshire	86	3,042	2,878	368	538	1,432	484	55	38	42
Rhode Island	104	3,454	3,503	558	481	1,786	596	82	17	9
Vermont	80	1,474	2,690	573	299	1,453	266	99	44	8
Mideast	102	146,342	3,434	536	425	1,711	660	102		
Delaware	84	1,821	2,828	467	408	1,534	363	54	40	15
Maryland	152	23,187	5,113	441	1,138	1,710	1,529	294	3	23
New Jersey	89	23,030	3,002	434	373	1,623	534	39	36	25
New York	100	60,251	3,380	669	304	1,656	649	101	23	3
Pennsylvania	95	38,053	3,188	442	368	1,861	443	75	26	22
Great Lakes	80	112,386	2,682	410	286	1,516	360	110		
Illinois	79	30,948	2,672	386	351	1,505	266	164	45	36
Indiana	79	14,691	2,656	358	278	1,464	434	122	46	43
Michigan	75	23,348	2,538	456	222	1,518	265	76	49	19
Ohio	86	31,207	2,894	406	309	1,559	548	71	37	30
Wisconsin	75	12,192	2,536	448	212	1,500	260	116	50	21
Plains	105	62,572	3,548	418	410	1,563	725	432		
Iowa	89	8,529	3,010	385	221	1,621	294	489	35	37
Kansas	105	8,760	3,538	342	555	1,608	618	414	16	46
Minnesota	93	13,227	3,115	480	254	1,374	639	369	30	14
Missouri	123	21,062	4,127	377	486	1,664	1,360	241	9	40
Nebraska	99	5,332	3,345	381	508	1,585	235	637	24	39
North Dakota	133	3,002	4,467	624	674	1,500	371	1,299	5	5
South Dakota	112	2,660	3,752	621	587	1,599	213	732	11	6
Southeast	98	191,718	3,304	371	603	1,623	625	82		
Alabama	101	13,927	3,411	382	643	1,652	650	84	21	38
Arkansas	91	7,316	3,064	423	335	1,743	364	198	33	28
Florida	102	41,398	3,443	262	444	2,099	599	39	19	50
Georgia	92	19,166	3,080	404	656	1,332	608	80	31	31
Kentucky	83	10,368	2,782	457	501	1,561	199	64	42	18
Louisiana	79	11,821	2,650	430	357	1,208	552	102	47	26
Mississippi	99	8,725	3,324	485	450	1,580	660	149	25	13
North Carolina	77	16,598	2,588	339	525	1,387	256	82	48	47
South Carolina	90	10,382	3,031	374	652	1,401	542	63	34	41
Tennessee	94	15,300	3,151	416	452	1,504	724	55	28	29
Virginia	158	31,393	5,317	323	1,557	1,686	1,611	141	2	48
West Virginia	83	5,324	2,807	542	265	1,803	157	39	41	10
Southwest	92	77,499	3,107	326	520	1,411	723	126		
Arizona	110	12,560	3,709	351	496	1,655	1,123	85	13	44
New Mexico	146	7,366	4,911	519	773	1,470	2,033	115	4	11
Oklahoma	91	10,069	3,077	403	655	1,592	251	177	32	32
Texas	84	47,504	2,829	289	476	1,321	617	125	39	49
Rocky Mountain	105	25,595	3,519	456	653	1,319	891	201		
Colorado	111	12,302	3,732	350	730	1,326	1,173	154	12	45
Idaho	94	3,166	3,172	393	427	1,411	681	261	27	34
Montana	106	2,887	3,569	667	525	1,598	227	550	15	4
Utah	101	5,705	3,396	467	723	1,143	972	91	22	16
Wyoming	93	1,535	3,133	916	559	1,220	247	190	29	2
Far West[1]	113	136,970	3,812	437	643	1,519	1,101	111		
California	108	100,754	3,642	398	561	1,419	1,164	100	14	33
Nevada	102	3,461	3,437	391	500	1,493	1,018	36	20	35
Oregon	82	7,531	2,765	456	343	1,682	188	95	43	20
Washington	115	17,619	3,883	436	683	1,587	994	182	10	24
Alaska	161	2,846	5,421	1,189	1,865	808	1,509	51	1	1
Hawaii	131	4,759	4,394	425	1,914	1,493	485	78	6	27
Exhibit:[2]										
DC (Washington)	694	14,530	23,360	2,436	12,593	2,596	4,317	1,418		

Note: This table includes federal expenditures only; it does not include any state or local own-source revenues used to match or supplement these federal expenditures. All federal expenditures are not included in this table. Expenditures that cannot be allocated to individual states (such as net interest on the federal debt, international payments, payments to U.S. territories and foreign aid) have been excluded.

Table 12 (cont.)

Per Capita Federal Expenditure, by Region and State, Fiscal Year 1987

(Notes 1-8 refer to column numbers)

1—Thus a figure such as 126 for Connecticut indicates that federal expenditures for Connecticut are 126% of the U.S. average (or, alternatively, 26% greater than the U.S. average.) Conversely, the index figure of 77 for North Carolina indicates that federal expenditures for North Carolina are only 77% of the U.S. average. (Regional figures are population-weighted averages.)

2—Total federal expenditures by state (in millions). See note at bottom of preceding page.

3—Details may not sum to totals because of independent rounding.

4—Among the largest programs included in this category are (federal expenditures only) Medicaid ($27 billion), AFDC ($11 billion), and highway programs ($13 billion).

5—Federal civilian and military salaries and wages were reported by location of workplace. Hence, the expenditure for wages and salaries in the District of Columbia is overstated. Figures for Maryland and Virginia, to a lesser extent, would be understated. The effect on other states would be negligible.

6—Among the largest programs included in this category are Social Security, Medicare, and federal retirement benefits, as well as supplemental security income and food stamps.

7—Defense contracts account for 75% of the total in this category for the U.S. as a whole.

8—Agricultural programs represent approximately 48% of the total amount in the "other" category.

[1] Excluding Alaska and Hawaii.

[2] Because of the unique nature of the District of Columbia, the figures for DC (Washington), should not be compared to other states. See also note 5.

Source: ACIR staff compilation based on U.S. Bureau of the Census, *Federal Expenditures by State for Fiscal Year 1987*, March 1988.

Section III

Tax Rates

Table 13

Federal Individual Income Tax Rates

Rates for Single Taxpayers

Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess
$2,480*	no tax	11%	$1,800		
3,670	$130.90	12	or less*	11%	—
4,750	260.50	14	1,800	$198	15%
7,010	576.90	15	16,800	2,448	28
9,170	900.90	16	27,000	5,304	35
11,650	1,297.70	18	54,000	14,754	38.5
13,920	1,706.30	20			
16,190	2,160.30	23	Tax Year 1988 and 1989		
19,640	2,953.80	26		Tax on	Rate
25,360	4,441.00	30	Taxable	Lower	on
31,080	6,157.00	34	Income	Amount	Excess
36,800	8,101.80	38			
44,780	11,134.20	42	$17,850		
59,670	17,388.00	48	or less*	15%	—
88,270	31,116.00	50	17,850	2,677.50	28%

*The zero-bracket amount of $2,480 in 1986 is replaced by a standard deduction of $2,540 in 1987 and $3,000 in 1988 (indexed to the inflation rate after 1988). To make a *rough* comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

Rates for Married Persons — Joint Returns and Surviving Spouses

Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess
$3,670*	no tax	11%	$3,000		
5,940	$249.70	12	or less*	11%	—
8,200	520.90	14	3,000	$330	15%
12,840	1,170.50	16	28,000	4,080	28
17,270	1,879.30	18	45,000	8,840	35
21,800	2,694.70	22	90,000	24,590	38.5
26,550	3,739.70	25			
32,270	5,169.70	28	Tax Year 1988 and 1989		
37,980	6,768.50	33		Tax on	Rate
49,420	10,543.70	38	Taxable	Lower	on
64,750	16,369.10	42	Income	Amount	Excess
92,370	27,969.50	45			
118,050	39,525.50	49	$29,750		
175,250	67,553.50	50	or less*	15%	—
			29,750	$4,462.50	28%

*The zero-bracket amount of $3,670 in 1986 is replaced by a standard deduction of $3,760 in 1987 and $5,000 in 1988 (indexed to the inflation rate after 1988). To make a *rough* comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

Rates for Married Persons Filing Separate Returns

Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Tax on Taxable Income	Lower Amount	Rate on Excess
$1,835*	no tax	11%	$1,500		
2,970	$124.85	12	or less*	11%	—
4,100	260.45	14	1,500	$165	15%
6,420	585.25	16	14,000	2,040	28
8,635	939.65	18	22,500	4,420	35
10,900	1,347.35	22	45,000	12,295	38.5
13,275	1,869.85	25			
16,135	2,584.85	28	Tax Year 1988 and 1989		
18,990	3,384.25	33		Tax on	Rate
24,710	5,271.85	38	Taxable	Lower	on
32,375	8,184.55	42	Income	Amount	Excess
46,185	13,984.75	45			
59,025	19,762.75	49	$14,875		
87,625	33,776.75	50	or less*	15%	—
			14,875	2,231.25	28%

*The zero-bracket amount of $1,835 in 1986 is replaced by a standard deduction of $1,880 in 1987 and $2,500 in 1988 (indexed to the inflation rate after 1988). To make a *rough* comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

Rates for Heads of Households

Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess
$2,480*	no tax	11%	$2,500		
4,750	$249.70	12	or less*	11%	—
7,010	520.90	14	2,500	$275	15%
9,390	854.10	17	23,000	3,350	28
12,730	1,421.90	18	38,000	7,550	35
16,190	2,044.70	20	80,000	22,250	38.5
19,640	2,734.70	24			
25,360	4,107.50	28	Tax Year 1988 and 1989		
31,080	5,709.10	32		Tax on	Rate
36,800	7,539.50	35	Taxable	Lower	on
48,240	11,543.50	42	Income	Amount	Excess
65,390	18,746.50	45			
88,270	29,042.50	48	$23,900		
116,870	42,770.50	50	or less*	15%	
			23,900	$3,585	28%

*The zero-bracket amount of $2,480 in 1986 is replaced by a standard deduction of $2,540 in 1987 and $4,400 in 1988 (indexed to the inflation rate after 1988). To make a *rough* comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

Source: ACIR staff compilations based on Commerce Clearing House, *1989 U.S. Master Tax Guide,* November 1988.

Table 14

Federal Corporate Income Tax Rates

Taxable Income		Tax Year Beginning
Over	Not Over	on or after July 1, 1987
$ 0	50,000	15
50,000	75,000	25
75,000	...	34

Source: ACIR staff compilations based on Commerce Clearing House, *1989 U.S. Master Tax Guide,* November 1988.

Table 15

Selected Federal Excise Tax Rates

(as of December 1987)

Type of Tax	Rate
Alcohol Taxes:	
1. Distilled spirits	$12.50 per proof gallon
2. Beer	$9.00/barrel or $.29 gallon[1]
3. Wine:	
(a) Still Wine	
14% alcohol or less	$.17 per wine gallon
over 14% to 21%	$.67 gallon
over 21% to 24%	$ 2.25/gallon
over 24%	$12.50/proof gallon
(b) Sparkling Wine or Champagne artificially carbonated	$3.40/wine gallon
	$2.40/wine gallon
Tobacco Taxes:	
Cigarettes	$.16/pack of 20
Miscellaneous Taxes:	
1. Telephone service	3.0%[2]
2. Transportation by air:	
(a) Domestic passenger tickets	8.0%[2]
(b) International passenger tickets	$3.00
3. Tires, weighing	
40 lbs. or less	no tax
41 lbs. to 70 lbs	$.15/lb. over 40 lbs.
71 lbs. to 90 lbs	$4.50 + $.30/lb. over 70 lbs.
over 90 lbs	$10.50 + $.50/lb. over 90 lbs.
4. Gasoline	$.09/gallon
5. Diesel Fuel	$.15/gallon
6. Pistols and revolvers	10.0% of mfr. price
7. Other firearms, shells & cartridges	11.0% of mfr. price
8. Fishing equipment	10.0% of mfr. price
9. Bows, arrows, etc.	11.0% of mfr. price
10. Coal—underground mines	$1.10 ton[3]
11. Coal—surface mines	$.55 ton[3]
12. Gas guzzler tax:	
Purchase of automobiles, 1986 model with mileage ratings (per gallon) of:	
22.5 or more	$ 0.
21.5 but less than 22.5	$ 500.
20.5 but less than 21.5	$ 650.
19.5 but less than 20.5	$ 850.
18.5 but less than 19.5	$1,050.
17.5 but less than 18.5	$1,300.
16.5 but less than 17.5	$1,500.
15.5 but less than 16.5	$1,850.
14.5 but less than 15.5	$2,250.
13.5 but less than 14.5	$2,700.
12.5 but less than 13.5	$3,200.
Less than 12.5	$3,850.

[1] A barrel of beer equals 31 gallons.

[2] No tax after 1990.

[3] The tax may not exceed 4.4% of the price at which such ton of coal is sold by the producer.

Source: ACIR staff compilations based on Commerce Clearing House, *1989 U.S. Master Tax Guide,* November 1988.

Table 16

Self-Employment, Social Security, and Unemployment Compensation Taxes

Self-Employment Tax—Tax year 1983, a tax rate of 9.35% (social security—8.05%; medicare 1.3%) was imposed for social security and hospital insurance purposes on self-employment income through $35,700. For tax years beginning in 1984, the rate increased to an effective rate of 11.3% (14% less 2.7% tax credit) and applied to a $37,800 earnings base. The effective tax rate for 1985 was 11.8% (14.1% less 2.3% credit) and applied to a $39,600 earnings base. The effective rate for 1986 and 1987 was 12.3%. The tax base was $42,000 in 1986, $43,800 for 1987. The 1989 rate is 13.02% with a tax base of $48,000. The 1990 rate is scheduled to be 15.3%.

Social Security-Hospital Insurance *(FICA)*—For the calendar year 1983, a tax rate of 6.7% (social security—5.4%; medicare—1.3%) was imposed on employers and employee on wages through $35,700. For 1984, the wage base increased to $37,800, and the tax rate increased to 7% with a 0.3% tax credit for employees against 1984 taxes. For 1985, the wage base was $39,600 and the tax rate increased to 7.05% for both employers and employees. For 1986-87, the rate is 7.15%; the base in 1986 was $42,000 in 1986, $43,800 in 1987, and $45,000 in 1988; 1988-89, 7.51%; 7.65% in 1990 and thereafter.

Unemployment Compensation—A tax of 3.5% is imposed on the first $7,000 of wages paid in 1984 to a covered employee by an employer who employs one or more persons in covered employment in each of 20 days in the current or preceding year, each day being in a different week, or who has a payroll for covered employment of at least $1,500 in a calendar quarter (or $20,000 in a calendar quarter for agricultural labor or $1,000 in a calendar quarter for domestic labor). The rate increased to 6.2% of the first $7,000 of each employee's income for 1985 and currently (1988) remains at 6.2% of the first $7,000 of each employee's income. The employer can take a tax credit of up to 5.4% of wages paid into a state unemployment insurance fund.

Source: ACIR staff compilations based on Commerce Clearing House, *1989 U.S. Master Tax Guide,* November 1988.

Table 17

Tax Changes by State, 1988

Extensions of tax increases scheduled to expire, fee increases, and revenue from accelerating collections or improved compliance are not reflected in totals. The "total" tax change for each state is generally for fiscal 1989, except if a one-time decrease occurred in FY 1988 (which is indicated by ^), otherwise, numbers in parentheses ( ) indicate a loss of revenue. The "total" tax change is expressed in annual rates as if FY 1989 rates had been in effect for full year and may include changes not shown separately. Actions involving less than $2 million are not shown. Revenue from extending a tax rate that was scheduled to be reduced or stronger tax administration or a previously enacted tax change is indicated *.

State	Tax	Total Revenue (millions)
Alabama	No major tax actions	
Alaska	No major tax actions	
Arizona	Increased property tax by increasing tax rate, removing exemptions, reducing credits, and other actions	FY89 = $67
	Increased personal income tax by placing limit on deduction for federal tax payments and eliminating gas tax deduction	FY89 = $35
	Increased corporation income tax by repealing certain exemptions	FY89 = $27
	Increased motor fuel tax 1 cent	FY89 = $17
	Increased sales tax by broadening base and other actions	FY89 = $28
	Increased hotel-motel tax	FY89 = $10
	Increased insurance premiums tax	FY89 = $6
		TOTAL FY89 = $190 (includes local government revenue)
Arkansas	No legislative session	
California	No major tax actions	
Colorado	Revised property tax, lowering the relative tax rate on homeowners	
Connecticut	Increased motor fuel tax 1 cent as dictated by earlier legislation	FY89 = $16*
	Extended indefinitely the exemption of business services provided between 100 percent corporate affiliates	FY89 = ($60)*
Delaware	Reduced personal income tax by increasing child care credit, allowing double personal exemption for senior citizens, and revising treatment of real estate losses	FY88 = ($2) FY89 = ($6)
	Increase exemptions under gross receipts and public utility taxes	FY89 = ($5) TOTAL = ($11)
Florida	Revised several sales tax exemptions	FY89 = $7
	Reduced alcoholic beverage tax	FY89 = ($3)
	Reduced insurance premium tax	FY89 = ($32) TOTAL FY89 = ($28)
Georgia	No major tax actions	
Hawaii	Increased income tax credit to offset sales tax purchases	FY89 = ($5)
Idaho	Repealed inheritance tax	
	Removed sales tax exemption for occasional sales	FY89 = $2
	Increased motor fuel tax 3.5 cents	FY89 = $11 TOTAL = $13
Illinois	Removed sales tax exemption for photo finishing	FY89 = $14 TOTAL = $18
Indiana	Increased motor fuel tax 1 cent	FY89 = $46
Iowa	Increased cigarette tax 8 cents	FY88 = $6
	Increased motor fuel tax 2 cents this year and 2 more cents in 1989	FY89 = $20
	Made permanent the one-year personal income tax reform passed in 1987	FY89 = $39 TOTAL = $59
Kansas	Reformed personal income tax resulting in net revenue decrease	FY89 = ($49) FY90 = ($37)
	Exempted purchases of industrial machinery (permanently) and farm machinery (for one year) from sales tax and changed certain corporation income tax provisions	FY89 = ($7) FY90 = ($12) TOTAL = ($56)

Table 17 (cont.)

Tax Changes by State, 1988

State	Tax	Total Revenue (millions)
Kentucky	Authorized tax amnesty program	FY89 = $10*
	Made permanent a temporary parimutuel tax credit for new construction	FY89 = ($7*)
	Revised operation of coal severance tax	FY89 = $3
	Enacted truck weight-distance tax	FY89 = $45
	Increased tax on special fuels 2 cents	FY89 = $5
	Increased truck registration fees	FY89 = $6*
	Changed administrative procedures for refunding special fuels tax for nonhighway use	FY89 = $12*
		TOTAL = $53
Louisiana	Increased sales tax 2 cents on food, drugs, and utilities (also continued temporary 1 cent increase due to expire)	FY89 = $320
Maine	Reformed personal income tax	FY89 = $18
	Increased gas tax 2 cents and tax on special fuels 5 cents	FY89 = ($7)
	Expanded property tax circuit breaker	TOTAL = $11
Maryland	Decreased motor carrier decal fee	FY89 = ($4)
Massachusetts	Imposed sales tax on cigarettes	FY89 = $40
	Increased income tax by conforming to 1986 federal reform	FY89 = $75
		TOTAL = $115
Michigan	Income tax reduction and cigarette tax increase enacted in 12/87 took effect	
	Replaced insurance premiums tax with single business tax	FY89 = $0
Minnesota	Increased motor fuel tax 3 cents	FY89 = $65
	Established income tax credit for senior citizens and enacted other personal income tax reductions	FY89 = ($29)
	Reinstated several sales tax exemptions repealed in 1987	FY89 = ($11)
	Changed sales tax nexus rules to tax catalog sales (includes some revenue from stronger compliance)	FY89 = $41
	Reduced parimutuel tax	FY89 = ($4)
	Reduced insurance premium tax	FY89 = ($4)
	Liberalized treatment of foreign source income on corporation income tax	FY89 = ($3)
	Provided renter's credit for one year	FY88 = ($54)
		TOTAL = ($8)
Missouri	Removed sales tax exemption for rental of video films	FY89 = $5
		TOTAL = $11
Mississippi	No major tax actions	
Montana	No legislative session	
Nebraska	Reduced personal income tax by increasing standard deduction	FY89 = ($12)
	Increased motor fuel tax (set by formula) 0.8 cents	
Nevada	No legislative session, but motor fuel taxes increased as prescribed in previous legislation	
New Hampshire	Allowed net operating loss carryforwards on corporation income tax	FY89 = (less than $2)
New Jersey	Increased motor fuel tax 2.5 cents as provided by previous legislation	FY89 = $100*
New Mexico	Made permanent the temporary suspension of food and medical tax rebates	
	Increased motor fuel tax (set by formula) 0.2 cents	FY89 = $45*
New York	Previously enacted personal income tax reduction took effect	
North Carolina	Double-weighted sales apportionment factor in corporation income tax	FY89 = ($10)
		FY90 = ($24)
	Extended sales tax to mail order sales	
	Reduced motor fuel tax (set by formula) 0.095 cent	
North Dakota	No legislative session, but allowed temporary personal income tax surcharge to expire	FY89 = ($8)
Ohio	Increased motor fuel tax (set by formula) 0.1 cent	
Oklahoma	Reduced personal income tax	FY89 = ($6)
	Reformed insurance premiums tax	
Oregon	No legislative session	
Pennsylvania	No major tax actions	

Table 17 (cont.)

Tax Changes by State, 1988

State	Tax	Total Revenue (millions)
Rhode Island	Increased cigarette tax 2 cents	FY89 = $2.4
	Repealed corporate net worth tax	FY89 = ($2.5)
		TOTAL $0
South Carolina	No major tax actions	
South Dakota	Repealed temporary sales tax increase 2 months ahead of schedule	FY88 = ($8)
	Not continuing temporary sales tax increase	FY88-89 = ($48)
	Increased motor fuel tax 5 cents	FY89 = $20
		TOTAL = ($36)^
Tennessee	Imposed sales tax on mail order sales	FY89 = $2
	Increased motor fuel tax 4 cents	FY89 = $10
		FY90 = $26
		TOTAL = $28
Texas	No legislative session	
Utah	Reduced income tax permanently	FY89 = ($67)
	Provided one-time income tax rebate	FY89 = ($80)
		TOTAL = ($147)
Vermont	Reduced personal income tax	FY89 = ($15.5)
	Increased property transfer tax	FY89 = $2
	Imposed tax on gasoline retailers to clean up leak problems	
	Phased out telephone gross receipts tax	FY89 = $0
		TOTAL = ($13)
Virginia	Provided new pension exclusion on the personal income tax	FY90 = ($4)
	Replaced gross receipts tax on telecommunications with corporation income tax	
Washington	Imposed sales tax on deli food sales	FY89 = $8
	Increased hotel/motel tax in King County	FY89 = $3
	Deferred sales tax for aluminum casting companies	FY89 = ($4*)
	Imposed tax on hazardous materials for superfund cleanup	FY89 = $20
		TOTAL = $31
West Virginia	Increased sales tax rate 1 cent	FY88 = $8
		FY89 = $65
	Imposed sales tax on soft drinks	FY89 = $9
		TOTAL = $74
Wisconsin	Increased motor fuel tax 0.9 cents	FY89 = $22*
Wyoming	No major tax actions	

Source: Steven D. Gold, Corina Eckl, and Martha A. Fabricius, *State Budget Actions in 1988*, National Conference of State Legislatures, Denver, September 1988.

Table 18

Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, Tax Year 1988

[As of October 1988. Only basic rates, brackets and exemptions are shown. Local income tax rates, even those mandated by the state, are not included. Taxable income rates and brackets listed below apply to single individuals and married taxpayers filing "combined separate" returns (in states where this is permitted).]

State	Income Tax Rates (range in percent)	Taxable Income Brackets: Lowest: Amount Under	Taxable Income Brackets: Highest: Amount Over	Personal Exemptions: Single	Personal Exemptions: Married-Joint Return	Personal Exemptions: Dependents	Size of Standard Deduction[1]: Percent	Size of Standard Deduction[1]: Single	Size of Standard Deduction[1]: Married-Joint Return	Federal Income Tax Deductible?[2]	State
Alabama + *	2.0-5.0	$500	$3,000	$1,500	$ 3,000	$300	20%	$2,000	$4,000	yes	AL
Alaska	No State Income Tax										AK
Arizona[3]	2.0-8.0	1,229	7,375	2,125	4,250	1,275	19.4	1,063	2,125	yes*	AZ
Arkansas	1.0-7.0	3,000	25,000	20[4]	40[4]	20[4]	10	1,000	1,000	no	AR
California[3]	1.0-9.3	3,818	25,052	52[4]	104[4]	52[4]	X	1,966	3,932	no	CA
Colorado	5% of federal taxable income									no	CO
Connecticut*	Limited Income Tax										CT
Delaware + *	3.2-7.7*	1,000	40,000	1,250	2,500	1,250	10	1,300	1,600	no	DE
DC (Washington)	6.0-9.5	10,000	20,000	1,025*	2,050*	1,025*	X	2,000	2,000	no	DC
Florida	No State Income Tax										FL
Georgia	1.0-6.0	750	7,000	1,500	3,000	1,500	X	2,300	3,000	no	GA
Hawaii*	2.25-10.0	1,200	20,200	1,040	2,080	1,040	X	1,000	1,700	no	HI
Idaho	2.0-8.2	1,000	20,000	1,900	3,800	1,900	Same as federal[5]			no	ID
Illinois	2.5	—Flat Rate—		1,000	2,000	1,000	X	X	X	no	IL
Indiana +	3.4	—Flat Rate—		1,000	2,000	1,000	X	X	X	no	IN
Iowa + [3]	0.4-9.98	1,000	45,000	20[4]	40[4]	15[4]	X	1,230	3,030	yes*	IA
Kansas*	4.8-6.1	27,500	27,500	1,950	3,900	1,950	X	3,000	5,000	no	KS
Kentucky +	2.0-6.0	3,000	8,000	20[4]	40[4]	20[4]	X	650	650	yes	KY
Louisiana	2.0-6.0	10,000	50,000	4,500*	9,000*	1,000	*	*	*	yes	LA
Maine[3]	2.0-8.0	6,000	30,000	40[4]	80[4]	40[4]	X	60[4]	100[4]	no	ME
Maryland + *	2.0-5.0	1,000	3,000	1,000*	2,000*	1,000*	15	2,000	4,000	no	MD
Massachusetts*	5.0-10.0	—Flat Rate—		2,200	4,400	1,000	X	X	X	no	MA
Michigan +	4.6	—Flat Rate—		1,800	3,600	1,800	X	X	X	no	MI
Minnesota	6.0-8.0*	3,000	16,000	Same as federal[5]						no	MN
Mississippi	3.0-5.0	5,000	10,000	6,000	9,500	1,500	15	2,300	3,400	no	MS

Table 18

Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, Tax Year 1988

State	Income Tax Rates (range in percent)	Taxable Income Brackets: Lowest: Amount Under	Taxable Income Brackets: Highest: Amount Over	Personal Exemptions: Single	Personal Exemptions: Married-Joint Return	Personal Exemptions: Dependents	Size of Standard Deduction[1]: Percent	Size of Standard Deduction[1]: Single	Size of Standard Deduction[1]: Married-Joint Return	Federal Income Tax Deductible?[2]	State
Missouri+*	1.5-6.0	1,000	9,000	1,200	2,400	400	X	Same as federal[5]		yes	MO
Montana[3]	2.0-11.0	1,400	50,000	1,140	2,280	1,140	20	2,140	4,280	yes	MT
Nebraska	2.0-5.9	1,800	27,000	1,130	2,260	1,130	X	2,550	3,780	no	NE
Nevada	No State Income Tax										NV
New Hampshire*	Limited Income Tax										NH
New Jersey*	2.0-3.5	20,000	50,000	1,000	2,000	1,000	X	X	X	no	NJ
New Mexico	1.8-8.5	5,200	41,600	2,000	4,000	2,000	Same as federal[5]			no	NM
New York+*	3.0-8.0	3,000	12,400	0	0	1,000	X	5,000	8,500	no	NY
North Carolina	3.0-7.0	2,000	10,000	1,100	2,200*	800	10	550	*	no	NC
North Dakota*	2.67-12.0	3,000	50,000	Same as federal[5]						yes*	ND
Ohio+*	0.743-6.9	5,000	100,000	650*	1,300*	650*	X*	X*	X*	no	OH
Oklahoma*	0.5-6.0	1,000	7,500	1,000	2,000	1,000	15	2,000	2,000	yes*	OK
Oregon[3]	5.0-9.0	2,000	5,000	90[4]	180[4]	90[4]	X	1,800	3,000	yes*	OR
Pennsylvania+	2.1	Flat Rate		X	X	X	X	X	X	no	PA
Rhode Island	22.96% of federal income tax liability									no	RI
South Carolina[3]	3.0-7.0	4,000	10,000	Same as federal[5]						no	SC
South Dakota	No State Income Tax										SD
Tennessee*	Limited Income Tax										TN
Texas	No State Income Tax										TX
Utah	2.6-7.35	750	3,750	75% of federal exemptions			Same as federal[5]			yes*	UT
Vermont*	23% of federal income tax liability									no	VT
Virginia	2.0-5.75	3,000	15,000*	800*	1,600*	800*	X	2,700	2,700	no	VA
Washington	No State Income Tax										WA
West Virginia	3.0-6.5	10,000	60,000	2,000	4,000	2,000	*	*	*	no	WV
Wisconsin[3]	4.9-6.93	7,500	15,000	0	0	50[4]	X	5,200*	8,900*	no	WI
Wyoming	No State Income Tax										WY

X—Not applicable.

+—States in which one or more local governments levy a local income tax (see Table 23).

[1]The lesser of (1) the percentage indicated, multiplied by adjusted gross income or (2) the dollar value listed. In some states, when a standard deduction computed using a percentage of AGI is less than the fixed amount shown above, a minimum dollar deduction is allowed. Maryland and Utah have a minimum deduction as well.

[2]A state provision that allows the taxpayer to deduct fully the federal income tax reduces the effective marginal tax rate for persons in the highest state and federal tax brackets by approximately 30% of the nominal tax rate—the deduction is of a lesser benefit to other taxpayers with lower federal and state top tax brackets.

[3]Indexed by an inflation factor.

[4]Tax credit per dependent. Taxpayers 65 or older receive a $25 credit.

[5]See Table 13 for federal income tax regulations.

***Individual State Notes**

AL Social Security (FICA) taxes are included in itemized deductions. Taxable income brackets for married filing joint over $6,000, taxed at highest rate.

AZ Federal income tax deduction limited to 46% of federal tax liability or $475, whichever is greater.

CT There is an income tax on interest, capital gains and dividend income *only*. The rate of this tax ranges from 1% of interest and dividend income for taxpayers with an A.G.I. of $54,000-$57,999 to 12% of such income of taxpayers with an A.G.I. over $100,000. Capital gains are taxed at 7% after an exemption of $100 is applied.

DC Exemption will increase to $1,370 by 1990.

DE Top tax rate reduced to 7.7% in 1988. Exemptions will increase to $1,250 each; standard deduction will increase to $1,300 single, $1,600 joint.

HI A refundable tax credit of $45 per exemption is granted; an additional credit of $1 per exemption is granted for 1988.

IA Tax cannot reduce after-tax income of taxpayer below $5,000 (single) or $7,500 (married filing joint, head-of-household, surviving spouse). Only limitation for the standard deduction is that the deduction otherwise allowable of $1,230 or $3,030 cannot exceed the amount of income remaining after the federal tax deduction.

KS A child care credit equal to 25% of the federal child care credit is allowed to taxpayers claiming the federal credit.

LA The personal exemption and standard deduction are combined.

MD All counties have a local income tax surcharge of at least 20% of the state tax liability; most counties have a surcharge of 50%. Personal exemption increases to $1,100 in 1989.

MA 10% (flat rate) imposed on net gains, interest and dividends. No tax is imposed on a single person whose gross income is $8,000 or less ($12,000 married). Social Security (FICA) taxes are deducted from taxable income up to $2,000 per taxpayer.

MO For taxpayers itemizing deductions, Social Security (FICA) taxes are deductible.

MN Additional rate of 8.5% on certain income classes to reflect federal phaseout of personal exemptions and the 15% federal rate bracket.

NH There is a 5% tax on interest and dividends (excluding income from savings bank deposits) in excess of $1,200 ($2,400 married).

NJ No taxpayer is subject to tax if gross income is $3,000 or less ($1,500 married, filing separately).

NY An additional tax on unearned income imposed at a rate of 3% for single taxpayers with AGI over $100,000; rates are scheduled to be reduced further in 1988-90. In 1990 the top rate will be 7%.

NC An additional exemption of $1,100 is allowed the spouse with the smallest income. Joint returns are not allowed.

ND Taxpayers have the option of paying a tax of 14% of the taxpayers' adjusted federal income tax liability or using the long form with a separate schedule; taxpayers using the long form may deduct federal income tax paid.

OH Taxpayers may choose between an additional $350 personal exemption or a $20 tax credit per exemption.

OK These rates and brackets apply to single persons not deducting federal income tax. For individuals deducting the tax, rates range from 0.5% of the first $1,000 to 10% on income over $23,000.

OR Federal tax deduction limited to $3,000 ($1,500 if married filing separately).

TN Interest and dividends taxed at 6%. Persons over 65 having total annual gross income derived from any and all sources of $9,000 or less are exempt. Blindness is a basis for total exemption

UT One-third of federal tax liability is deductible.

VT After tax year 1988, the rate is scheduled to revert to 25% of federal tax liability.

VA Top tax bracket is increased to $17,000 by 1990. Standard deductions increase to $3,000 single and $5,000 joint in 1989.

WI The standard deduction is gradually phased-out as income increases; deduction is completely phased out at $50,830 of adjusted gross income for single filers, $55,000 of adjusted gross income for joint filers.

WV Eliminated standard deduction; all itemized deductions prohibited—replaced with the larger personal exemptions as listed above.

Source: ACIR staff compilations based on ACIR survey of state departments of revenue (Fall 1988) and Commerce Clearing House, *State Tax Reporter*.

Table 19

State Individual Income Tax Rates for Tax Year 1988, Compiled October 1988

(all rates for single individuals or married, filing separately)

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
Alabama	First $500	2.0%	Married persons filing jointly are taxed at 2% of the first $1,000 of taxable income, 4% on the next $5,000, and 5% on any excess over $6,000. Local income taxes are additional.
	$501-$3,000	4.0	
	Over $3,000	5.0	
Alaska	No tax		
Arizona	First $1,229	2.0%	Tax brackets reflect 1988 inflation adjustments based on Phoenix metropolitan area. Tax brackets, personal exemptions, standard deductions and some credits are adjusted annually to reflect changes in the Consumer Price Index. For married joint returns, the tax brackets are exactly doubled. In 1987, every individual may subtract from Arizona gross income 46% of his or her federal income tax liability, or $475, whichever is greater.
	$1,230-$2,458	3.0 minus $12	
	$2,459-$3,687	4.0 minus $37	
	$3,688-$4,916	5.0 minus $74	
	$4,917-$6,145	6.0 minus $123	
	$6,146-$7,374	7.0 minus $184	
	$7,375 and over	8.0 minus $258	
Arkansas	First $2,999	1.0%	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their income tax liability.
	$3,000-$5,999	2.5	
	$6,000-$8,999	3.5	
	$9,000-$14,999	4.5	
	$15,000-$24,999	6.0	
	Over $25.000	7.0	
California	$0-$3,818	1.0%	Tax brackets annually indexed by California consumer price index.
	$3,819-$9,048	2.0	
	$9,049-$14,278	4.0	
	$14,279-$19,822	6.0	
	$19,823-$25,052	8.0	
	Over $25,052	9.3	
Colorado	Federal Taxable Income	5.0%	
Connecticut	$54,000-$57,999	1.0%	Income tax applies to interest and dividend income only and then only when federal adjusted gross income falls within income brackets at left. A 7% tax is imposed on all net gains from the sales or exchange of capital assets (e.g., same capital gains base as federal income tax).
	$58,000-$61,999	2.0	
	$62,000-$65,999	3.0	
	$66,000-$69,999	4.0	
	$70,000-$73,999	5.0	
	$74,000-$77,999	6.0	
	$78,000-$81,999	7.0	
	$82,000-$85,999	8.0	
	$86,000-$89,999	9.0	
	$90,000-$99,999	11.0	
	$100,000 and over	12.0	
Delaware	$0-$2,000	0.0%	
	$2,001-$5,000	3.2	
	$5,001-$10,000	5.0	
	$10,001-$20,000	6.0	
	$20,001-$25,000	6.6	
	$25,001-$30,000	7.0	
	$30,001-$40,000	7.6	
	Over $40,000	7.7	
DC (Washington)	First $10,000	6.0%	The tax on unincorporated businesses is 9% plus a 2.5% surtax. Minimum tax is $100. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. For tax years beginning after 1987, the rate for taxable income over $20,000 is reduced to 9.5%
	Second $10,000	8.0	
	Over $20,000	9.5	
Florida	No tax		
Georgia	First $750	1.0%	If married taxpayers file joint federal returns, they must file joint state returns. The rates for these taxpayers range from 1% of the first $1,000 of taxable income to 6% of taxable income over $10,000.
	$751-$2,250	2.0	
	$2,251-$3,750	3.0	
	$3,751-$5,250	4.0	
	$5,251-$7,000	5.0	
	Over $7,000	6.0	

Table 19 (cont.)

State Individual Income Tax Rates for Tax Year 1988, Compiled October 1988
(all rates for single individuals or married, filing separately)

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
Hawaii	First $1,200	2.25%	Married taxpayers filing jointly pay at rates of 2.25% of the first $2,400 of taxable income to 10% of taxable income over $40,400. In tax year 1989 and thereafter, the income brackets at left will be increased by $300.
	$1,201-$2,200	4.25	
	$2,201-$3,200	6.25	
	$3,201-$5,200	7.25	
	$5,201-$10,200	8.25	
	$10,201-$14,200	9.25	
	$14,201-$20,200	9.75	
	Over $20,200	10.0	
Idaho	First $1,000	2.0%	If joint federal return is filed, joint state return is required. Brackets for married filing jointly are twice those at left (e.g., 8.2% over $40,000). Community property state in which, generally, one-half of the community income is taxable to each spouse. Each person (joint returned deemed one person) filing a return pays an additional $10.
	$1,001-$2,000	4.0	
	$2,001-$3,000	4.5	
	$3,001-$4,000	5.5	
	$4,001-$5,000	6.5	
	$5,001-$7,500	7.5	
	$7,501-$20,000	7.8	
	Over $20,000	8.2	
Illinois	Taxable Net Income	2.5%	Additional personal property replacement tax of 1.5% of net income is imposed on partnership entities, trusts and subchapter S corporations.
Indiana	Adjusted Gross Income	3.4%	County income taxes may add up to an additional 1.0%.
Iowa	$0-$1,000	0.4%	State tax may not reduce income below $5,000 (single), or $7,500 (married filing joint, head-of-household, surviving spouse). Federal income tax liability is deductible from net income before the standard or itemized deduction is subtracted. For all taxpayers *except* individuals filing as single taxpayers, the taxpayers can multiply their income in excess of $7,500 by maximum Iowa rate of 9.98% and compare this amount against the tax computed under the normal method and can pay the lesser of the two amounts.
	$1,001-$2,000	0.8	
	$2,001-$4,000	2.7	
	$4,001-$9,000	5.0	
	$9,001-$15,000	6.8	
	$15,001-$20,000	7.2	
	$20,001-$30,000	7.55	
	$30,001-$45,000	8.8	
	Over $45,000	9.98	
Kansas	First $27,500	4.8%	If married taxpayers file joint federal returns, they must file joint state returns.
	over $27,500	6.1	
Kentucky	First $3,000	2.0%	Local income taxes are additional. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability.
	$3,001-$4,000	3.0	
	$4,001-$5,000	4.0	
	$5,001-$8,000	5.0	
	Over $8,000	6.0	
Louisiana	First $10,000	2.0%	Community property state in which, generally, one-half of the community income is taxable to each spouse.
	$10,001-$50,000	4.0	
	Over $50,000	6.0	
Maine	First $6,000	2.0%	For tax years after 1988, tax brackets, standard deductions, personal exemptions, and tax credits annually indexed for inflation.
	$6,001-$10,000	4.0	
	$10,001-$16,250	6.0	
	Over $16,250	8.0	
Maryland	First $1,000	2.0%	Local income taxes are additional. Most taxpayers have a local tax surcharge of 50% of the state tax which, in effect, results in a 7.5% combined rate for taxpayers in the top tax bracket.
	$1,001-$2,000	3.0	
	$2,001-$3,000	4.0	
	Over $3,000	5.0	
Massachusetts	Interest, dividends, net capital gains	10.0%	
	Earned income, annuities	5.0	
Michigan	Taxable income	4.6%	Local income taxes are additional. Persons with business activity allocated or apportioned to Michigan are also subject to a single business tax of 2.35% on an adjusted tax base.
Minnesota	$0-$13,000	6.0%	Additional rate of 8.5% on certain income classes reflects federal phase-out of personal exemptions and the 15% federal rate bracket.
	$13,001-$42,700	8.0	
	$42,701-$93,000	8.5	
	Over $93,000	9.0	

Table 19 (cont.)

State Individual Income Tax Rates for Tax Year 1988, Compiled October 1988
(all rates for single individuals or married, filing separately)

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
Mississippi	First $5,000	3.0%	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability.
	$5,001-$10,000	4.0	
	Over $10,000	5.0	
Missouri	First $1,000	1.5%	Local income taxes are additional. Married taxpayers are not allowed to split income deductions, exemptions, etc. equally between spouses; they must be split according to amount of income earned. If the taxable income of each spouse is greater than $9,000, the tax liability will not be affected. (The percent listed may vary at times by 0.5%.)
	$1,001-$2,000	2.0	
	$2,001-$3,000	2.5	
	$3,001-$4,000	3.0	
	$4,001-$5,000	3.5	
	$5,001-$6,000	4.0	
	$6,001-$7,000	4.5	
	$7,001-$8,000	5.0	
	$8,001-$9,000	5.5	
	Over $9,000	6.0	
Montana	$0-$1,400	2.0%	Tax brackets reflect 1988 inflation adjustments. The tax brackets, personal exemptions, and standard deduction are adjusted annually for inflation. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. Until 1990, a 10% surtax is in effect.
	$1,401-$2,900	3.0	
	$2,901-$5,700	4.0	
	$5,701-$8,600	5.0	
	$8,601-$11,400	6.0	
	$11,401-$14,300	7.0	
	$14,301-$20,000	8.0	
	$20,001-$28,600	9.0	
	$28,601-$50,000	10.0	
	Over $50,000	11.0	
Nebraska	$0-$1,800	2.0%	
	$1,801-$16,800	3.15	
	$16,801-$27,000	5.0	
	Over $27,000	5.9	
Nevada	No tax		
New Hampshire	Interest and dividends only	5.0%	$1,200 of each taxpayer's interest and dividend income is exempt.
New Jersey	First $20,000	2.0%	Rates are for *both* single taxpayers and married taxpayers filing jointly.
	$20,001-$50,000	2.5	
	Over $50,000	3.5	
New Mexico	First $5,200	1.8%	Taxpayers filing jointly pay at rates ranging from 2.4% on net income not over $8,000 to 8.5% on net income over $64,000. Heads of household pay at rates ranging from 1.8% on net income not over $5,200 to 8.5% on net income over $52,000. Special rates are provided for married persons filing separately. Community property state in which, generally, one-half of the community income is taxable to each spouse.
	$5,201-$10,400	3.0	
	$10,401-$15,600	4.5	
	$15,601-$23,400	5.8	
	$23,401-$31,200	6.9	
	$31,201-$41,600	7.7	
	Over $41,600	8.5	
New York	First $3,000	3.0%	Lower tax rates are scheduled to be phased in through 1990. In 1990, there will be two tax rates: 5.5% of taxable income up to $12,500 and 7% of taxable income over $12,500. Local income taxes for New York City and Yonkers are additional.
	$3,001-$5,100	4.0	
	$5,101-$7,300	5.0	
	$7,301-$9,400	6.0	
	$9,401-$12,400	7.0	
	Over $12,400	8.0	
North Carolina	First $2,000	3.0%	Two-earner married taxpayers may file separately on the same return. Joint returns are not permitted.
	$2,001-$4,000	4.0	
	$4,001-$6,000	5.0	
	$6,001-$10,000	6.0	
	Over $10,000	7.0	
North Dakota	First $3,000	2.6%	These rates apply only if the long form (#37) is used. Two-earner married taxpayers may file separately, but not on the same return, with each using these rates. Separate returns may yield a lower rate. Taxpayers have option to use the short form (#37-S) on which the tax is computed by multiplying their federal income tax liability (before credits) by 14%.
	$3,001-$5,000	4.0	
	$5,001-$8,000	5.33	
	$8,001-$15,000	6.67	
	$15,001-$25,000	8.0	
	$25,001-$35,000	9.33	
	$35,001-$50,000	10.67	
	Over $50,000	12.0	

Table 19 (cont.)

State Individual Income Tax Rates for Tax Year 1988, Compiled October 1988
(all rates for single individuals or married, filing separately)

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
Ohio	First $5,000	0.743%	Two-income couples filing joint federal returns must file joint state returns; however, alternate rates are not available to these taxpayers. Instead, a joint filing credit of between 5%-20% of state liability is granted to these taxpayers, depending on total income. The rates will range from 0.743% of taxable income $5,000 or less to 6.9% of taxable income over $100,000.
	$5001-$10,000	1.486	
	$10,001-$15,000	2.972	
	$15,001-$20,000	3.715	
	$20,001-$40,000	4.457	
	$40,001-$80,000	5.201	
	$80,001-$100,000	5.943	
	Over $100,000	6.9	
Oklahoma	First $1,000	0.5%	Bracket amounts are exactly double those shown to the left for married taxpayers filing jointly (e.g., 6% of income over $15,000). Optional rates (ranging from .5% to 17%) apply for taxpayers who elect to deduct federal income taxes.
	$1,001-$2,500	1.0	
	$2,501-$3,750	2.0	
	$3,751-$5,000	3.0	
	$5,001-$6,250	4.0	
	$6,251-$7,500	5.0	
	Over $7,500	6.0	
Oregon	First $2,000	5.0%	Rates shown are for single individuals and are the same for joint filers; however, bracket amounts are exactly double (e.g., top bracket $10,000).
	$2,001-$5,000	7.0	
	Over $5,000	9.0	
Pennsylvania	Specified classes of taxable income	2.1%	For nearly all taxpayers, the tax base is broader than federal taxable income.
Rhode Island	Modified federal income tax liability	22.96%	
South Carolina	First $4,000	3.0%	
	$4,001-$6,000	4.0	
	$6,001-$8,000	5.0	
	$8,001-$10,000	6.0	
	Over $10,000	7.0	
South Dakota	No tax		
Tennessee	Certain interest and dividends only	6.0%	Individuals are taxable only on certain interest and dividend income.
Texas	No tax		
Utah	First $750	2.6%	Brackets amounts are exactly double those shown to the left for married taxpayers filing jointly (e.g., 7.35% over $7,838).
	$751-$1,500	3.55	
	$1,501-$2,250	4.5	
	$2,251-$3,000	5.45	
	$3,001-$3,750	6.4	
	Over $3,750	7.35	
Vermont	Federal income tax liability	23.0%	
Virginia	First $3,000	2.0%	Two-earner married taxpayers may separately file on the same return (rather than jointly) in order to minimize their tax liability. For tax year 1989, the 5% rate applies to taxable income over $5,000 but not over $16,000 and the 5.75% rate applies to taxable income over $16,000. For tax year 1990, the 5% rate applies to taxable income over $5,000 but not over $17,000 and the 5.75% rate applies to taxable income over $17,000.
	$3,001-$5,000	3.0	
	$5,001-$15,000	5.0	
	Over $15,000	5.75	
Washington	No tax		
West Virginia	First $10,000	3.0%	Rates shown are for all taxpayers except married couples filing separate returns. A minimum tax is also imposed equal to the excess by which an amount equal to 25% of any federal minimum tax or alternative minimum tax year exceeds the total tax due for that tax year. For 1987 and thereafter, standard as well as itemized deductions have been eliminated. The personal exemption is $2,000 each.
	$10,001-$25,000	4.0	
	$25,001-$40,000	4.5	
	$40,001-$60,000	6.0	
	Over $60,000	6.5	
Wisconsin	$0-$7,500	4.9%	Married couples filing joint returns pay at rates ranging from 4.9% of the first $10,000 of taxable income to 6.93% of income over $20,000.
	$7,501-$15,000	6.55	
	Over $15,000	6.93	
Wyoming	No tax		

Source: ACIR staff compilations based on state surveys (summer and fall 1988) and Commerce Clearing House, *State Tax Guide.*

Table 20

State Individual Income Taxes: Exclusions and Adjustments to Income, Tax Year 1988

State	Interest Income	Dividend Income	Capital Gains	Pensions	Social Security Benefits	Unemployment Benefits	Lottery Winnings	Moving Expenses	Individual Retirement Accounts	Combined Separate Returns Allowed?
Federal Income Tax					$5k/$32k (50%)			Deduction	Limited Amount	No
Alabama					Exempt	Exempt		*	Federal Amount	No
Alaska	No State Income Tax									
Arizona		$100/$200	60%	*	Exempt		Up to $5,000	No	Federal Amount	JS
Arkansas				$6k each	Exempt	Exempt		Deduction	Federal Amount	Yes
California					Exempt	Exempt	CA Exempt	In State	Federal Amount	JS
Colorado				$20k each	$25k/$32k (50%)			No	Federal Amount	NA
Connecticut	Only Interest, Dividends and Capital Gains are Taxed									
Delaware				$2k each	Exempt		DE Exempt	Deduction	*	Yes
DC (Washington)				*	Exempt		DC Exempt	Deduction	Federal Amount	Yes
Florida	No State Income Tax									
Georgia				$4k each	Exempt			Deduction	Federal Amount	No
Hawaii				Exempt	Exempt			Deduction	Federal Amount	JS
Idaho			60%	*	Exempt			Deduction	Federal Amount	No
Illinois				Exempt	Exempt			No	Federal Amount	NA
Indiana				*	Exempt	$12k/$18k (50%)		No	Federal Amount	NA
Iowa			60%/$17,500	*	$25k/$32k (50%)			Deduction	Federal Amount	Yes
Kansas				*	$25k/$32k (50%)			Deduction	Federal Amount	No
Kentucky		$100/$200	60%	*	Exempt	$12k/$18k (50%)		*	*	Yes
Louisiana				*	Exempt			Deduction	Federal Amount	No
Maine					Exempt			Deduction	Federal Amount	JS
Maryland			40%	$9.1k each	Exempt			Deduction	Federal Amount	Yes
Massachusetts	$100/$200		50%		Exempt			No	No	NA
Michigan				$7.5k/$10k*	Exempt		MI Exempt	No	Federal Amount	NA
Minnesota					$25k/$32k (50%)			Deduction	Federal Amount	No
Mississippi				$5k each*	Exempt			Deduction	Federal Amount	Yes

Missouri			*	$25k/$32k (50%)		*	Deduction	Federal Amount	Yes
Montana		*	*	$25k/$32k (50%)	Exempt		Deduction	Federal Amount	Yes
Nebraska				$25k/$32k (50%)			Deduction	Federal Amount	JS
Nevada	No State Income Tax								
New Hampshire	Only Interest and Dividends are Taxed								
New Jersey			$7.5k/$10k	Exempt	Exempt	NJ Exempt	No	No	No
New Mexico			*	Exempt			Deduction	Federal Amount	No
New York			*	Exempt			Deduction	Limited Amount	JS
North Carolina			*	Exempt			Deduction	Federal Amount	Yes
North Dakota	$300/$600		*	$25k/$32k (50%)			Deduction	Federal Amount	Yes*
Ohio				Exempt			Deduction	Federal Amount	JS
Oklahoma		$100/$200	*	Exempt			Deduction	Federal Amount	No
Oregon			*	Exempt		OR Exempt	Deduction	Federal Amount	No
Pennsylvania			*	Exempt	Exempt	PA Exempt	Special*	No	NA
Rhode Island	State Tax Calculated as a Percentage of Federal Liability								
South Carolina*	Based on Federal Taxable Income								
South Dakota	No State Income Tax								
Tennessee*	Some	Some	Very Limited Tax					No	Yes
Texas	No State Income Tax								
Utah			$3.6k*	$25k/$32k (50%)			Deduction	Federal Amount	JS
Vermont	State Tax Calculated as a Percentage of Federal Liability								
Virginia			*	Exempt			Deduction	Federal Amount	Yes
Washington	No State Income Tax								
West Virginia			*	$25k/$32k (50%)		WV Exempt	No	Federal Amount	No
Wisconsin		60%	*	$25k/$32k (50%)	$12k/$18k (50%)		*	Federal Amount	JS
Wyoming	No State Income Tax								

NA—not applicable.

Table 20 (cont.)

State Individual Income Taxes: Exclusions and Adjustments to Income, Tax Year 1988

Key

[Special Note: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming do not have a personal income tax; Connecticut, New Hampshire and Tennessee tax only interest and dividend income—subject to various exemptions and exclusions.]

Exclusions to Income

Interest Income

Unless otherwise indicated, all interest income is subject to state taxation (except income from U.S. debt obligations and qualifying "tax exempt" bonds from in-state political entities). Taxpayers receiving interest from United States debt obligations must pay federal income tax on such interest.

[100] or [100/200] If a state permits certain amounts to be excluded from income, these amounts are indicated in the table. Amounts listed are for single filers [e.g., $100] or, where permitted, for joint filers [e.g., $100/$200].

Dividend Income

Unless otherwise indicated, all dividend income is subject to taxation.

[100] or [100/200] If a state permits certain amounts to be excluded from income, these amounts are indicated in the table. Amounts listed are for single filers [e.g., $100] or, where permitted, for joint filers [e.g., $100/$200].

Capital Gains

Unless otherwise indicated, capital gains are taxed as ordinary income; no exclusion is permitted.

[60%; 35%] If a portion of capital gains is permitted to be excluded from income, the percentage exclusion is noted in brackets. Unless otherwise noted, the first $125,000 of gain from the sale of a principal residence can be completely excluded (for taxpayers over age 55; a once-in-a-life-time exclusion, however).

Pensions

Unless otherwise indicated, all pension benefits (in excess of employee lifetime contributions) are taxed as ordinary income; no exclusion applies (aside from the employee's lifetime contributions).

$6,000 The amount of pension benefits permitted to be excluded from income are indicated.

Social Security

Exempt Indicates all Social Security benefits are exempt. This means that the taxpayer is permitted to subtract "excess" or "federally taxable" Social Security benefits listed on line 21b of the federal 1040 form from state adjusted gross (or taxable) income.

$25k/$32k (50%) Indicates 50% of gross Social Security benefits are taxable for taxpayers with income greater than $25,000 (single) or $32,000 (married)—conforms to federal law.

Unemployment Compensation

Exempt Indicates all unemployment compensation is exempt.

$12k/$18k (50%) Indicates at least 50% of unemployment benefits are taxable for taxpayers with income greater than $12,000 (single) or $18,000 (married)—same tax status as federal law provided in 1986. If income is high enough, all unemployment benefits are taxable.

Unless otherwise indicated, all unemployment compensation is taxable.

Lottery Winnings

All lottery winnings are taxable.

[PA] Exempt Indicates only in-state lottery winnings are exempt.

Adjustments to Income

Moving Expenses

Deduction Indicates taxpayers are allowed to subtract—as an *itemized deduction only*—the amount of moving expenses claimed on federal tax returns. This does not necessarily indicate that this state tax provision ties directly to the federal code.

No Adjustment for moving expenses not allowed.

Individual Retirement Accounts

Federal Amount Indicates taxpayers are allowed to deduct the same amount as on the federal form 1040 for 1988. This does not necessarily indicate that this state tax provision ties automatically to the federal code. If a state permits taxpayers to deduct other amounts, these amounts are listed.

No Deductions for IRAs not permitted.

Combined Separate Returns Allowed?

Yes For states that have graduated rate structures, a "marriage penalty" can occur if the income of the lower-income spouse is less than the top income tax bracket; in effect, the lower-income spouse is taxed at a marginal rate equal to or greater than the higher-income spouse. To avoid this potential marriage penalty, numerous states permit two-income couples to file "combined separate returns"—where each spouse lists income, deductions, etc. separately on the same tax form. These states are designed "Yes." As of 1988, no state allows a married couple deduction.

JS States designated "JS" have special "joint rate schedules" for married couples that substantially eliminate any marriage penalty.

NA A marriage penalty does not occur in states that have flat tax rates, hence there is no need for combined separate returns or special tax rates for joint returns.

No A "no" indicates that two-earner couples may pay a higher tax amount than if they were filing as two unmarried individuals.

Individual State Notes

Alabama—Can exclude first $10,000 of benefits received from military retirement system (including U.S. Public Health Service). The first $8,000 of retirement pay received by a qualified Alabama peace officer and the first $8,000 of retirement pay received by an eligible firefighter can also be excluded. The following pensions are exempt: Alabama teachers retirement system, state employees retirement system, judicial retirement system, federal civil service retirement system and the federal railroad retirement system. Moving expenses are allowed as a deduction from gross income.

Arizona—Exclusion on civil service retirement benefits—maximum is $2,500 per taxpayer. All benefits from Arizona state retirement system are excluded. Maximum exclusion on lottery winnings is $5,000.

Arkansas—The first $6,000 of employer-sponsored pension income is exempt. All benefits received from Arkansas state retirement system are excluded if retirement occurs by December 31, 1989, after which date only $6,000 exclusion is allowed.

Colorado—Colorado adopted a flat tax of 5% based on federal taxable income with a very limited number of exclusions and adjustments. There is a $20,000 pension exclusion allowed to each pension recipient.

Connecticut—For taxpayers over 65 years of age, any capital gain resulting from the sale of residence owned and used five of the eight preceeding years is exempt from tax. No limits are imposed on the amount of the capital gain. This is a once-in-a-lifetime exclusion.

Delaware—For tax year 1988, the state pension exclusion remains $2,000 for persons under age 60 and is now $3,000 for persons over age 60. A married taxpayer with adjusted gross income over $10,000 filing a joint federal return and separate Delaware return must add back the amount of his or her IRA deduction.

DC (Washington)—District and federal government retirees who are 62 years of age or older may exclude up to $3,000 of pension, annuity or survivor benefits.

Georgia—Georgia state retirement benefits are excluded from income. Taxpayers with regular taxable pensions are not subject to the limitation of earned income.

Hawaii—Hawaii public employee retirement systems are exempt, as is any compensation received in the form of a pension for past services.

Idaho—Those persons 65 years of age or over receiving benefits from civil service, fireman, police (Idaho) and military retirement systems can deduct $9,789/$14,682.

Indiana—Civil service retirement benefits—can deduct up to $2,000 (less social security benefits received). Military retirement benefits—can deduct up to $2,000.

Iowa—Sixty percent of capital gains are excluded up to a maximum exclusion amount of $17,500. The state will grant rebates to taxpayers affected by capital gains ceilings to the extent that the additional state revenue resulting from this ceiling exceeds $8 million. Benefits received from Iowa state retirement systems are excluded. Civil service benefits, if over 62, disabled or survivors of annuitant who would have qualified for the exclusion on the basis of age or disability, can exclude $5,627 if on a single return and $8,184 if on a joint return (less any Social Security benefits received).

Kansas—Benefits received from civil service annuities and Kansas state retirements systems are excluded.

Kentucky—Benefits received from Kentucky state retirement systems are excluded. Civil service retirement system and military retirement income are allowed an exclusion of $4,000 per year. Moving expenses, employee business expenses, and individual retirement accounts are based on federal rules prior to the *Tax Reform Act.*

Louisiana—Louisiana state employees retirement and teacher retirement benefits are excluded. Up to $6,000 exclusion for each person 65 or over with pension income taxable on federal form.

Maryland—Must reduce any pension exclusion amount by any Social Security that is received and must be 65 or over to take the exclusion.

Massachusetts—The $100/$200 exclusion on interest is only for interest earned on savings deposits in Massachusetts banks. Allowable business expense is Part 1 only of US Form 2106.

Michigan—Benefits received from Michigan state or local government retirement systems are excluded.

Mississippi—Mississippi public employee retirement system benefits are exempt.

Missouri—Missouri public employee retirement system benefits are exempt. Lottery winnings of $600 or more are subject to state and local earnings tax.

Montana—Capital gains from installment sales prior to January 1, 1987, are allowed a 40% exclusion. If 65 or over can exclude up to $800 of interest and deduct up to $3,600 of private pension plan benefits and up to $3,600 of federal government retirement plan benefits. Montana Public Employee retirement system benefits are exempt. Moving expenses are allowed as an itemized deduction.

State Individual Income Taxes: Exclusions and Adjustments to Income, Tax Year 1988

New Hampshire—Interest excluded for savings on deposits in credit unions and banks in New Hampshire and Vermont. Dividends received from banks, credit unions, national banks, and building and loan associations in New Hampshire excluded. The exclusion amount for taxable dividends and interest is $1,200 ($2,400 joint) times the number of exemptions.

New Jersey—Over 55 years of age, once-in-a-lifetime exclusion of $125,000 on sale of principal residence.

New Mexico—New Mexico public employee, educational and judicial retirement benefits are exempt. Up to $3,000 of federal civil service and military retirement income is excluded. Persons 65 or over can exclude up to $8,000 of income; amount depends on AGI and equals $8,000 for federal AGI of $18,000 or less ($30,000 for married filing joint, $15,000 for married filing separate), declines in $1,000 increments for AGI over $18,000 up to $22,500 (over $30,000 up to $45,000 for married filing joint) and is $0 above $22,500 ($45,000 for married filing joint). [8]Moving expenses, income and other deductions are prorated by ratio of in-state source taxable income to federal taxable income.

New York—New York state pensions are exempt. For other retirement systems, persons over 59-and-one-half can exclude up to $20,000.

North Carolina—North Carolina state and local government retirement benefits are exempt. Up to $3,000 of military and federal civil service retirement pay is excludable. Dividends are deductible (in itemized personal deductions) in the proportion that the net income of the declaring corporation was taxable in North Carolina.

North Dakota—An exclusion of pension benefits up to $5,000 received from the U.S. Civil Service, North Dakota city firemen's relief, city policemen's fund, or military retirement is allowed. In each case, the amount received or $5,000, whichever is lower, must be reduced by any Social Security retirement benefits received. Also, an individual must be at least 60 years of age to qualify for the military retirement pay exclusion. Two-earner taxpayers may not file on the same return.

Oklahoma—Oklahoma state retirement system benefits are exempt. $4,000 may be excluded from U.S. Civil Service retirement benefits.

Oregon—Oregon state retirement system benefits are exempt. Federal public retirement system benefits: military under 62—no exemptions, 62 and over—$5,000 exemption limit; nonmilitary—$5,000 exemption limit.

Pennsylvania—Capital gains are fully taxable, except for the sale of an individual residence, in which case the owner must be 55 years of age or older on the date of the sale and must have used the residence as principal residence for a total of three years during a five-year period preceding the sale. The maximum exclusion is $100,000 per transaction. Moving adjustment limited to direct moving expenses.

South Carolina—South Carolina state retirement system benefits are exempt. $3,000 may be excluded on benefits received from U.S. Civil Service retirement system. Age 65 or over can exclude $3,000 of any other retirement income.

Tennessee—Interest excluded on bonds from State of Tennessee and U.S. government, certificates of deposit and savings accounts represented by passbook. Dividends received from national banks, state banks of Tennessee, savings and loan associations in Tennessee and company credit unions are excluded. Each individual can exclude $1,250 that can be applied against taxable dividend and interest income before computing the tax. Married couples filing jointly may exclude $2,500 of taxable income before computing the tax.

Utah—Pension deduction amounts are limited by age, type of pension, and adjusted gross income shown as federal adjusted gross income. Persons 65 or over may include interest, dividends, and net rental income received to reach exclusion amount. Utah state retirement system benefits are exempt.

Vermont—Vermont residents over 65 may exclude the lesser of $1,000 or gains on federal form. Vermont state lottery winnings are exempt. This includes winnings in the Tri-State Megabucks (VT, NH, ME).

Virginia– Retirement benefits of Virginia state government, its political subdivisions, and agencies are exempt. For part-year residents of Virginia, moving expenses from federal form 1040, line 24 will be allocated to Virginia only when the move is being made into the state. Moving expenses for part-year residents will not be allowed when the move is made outside of Virginia. Prizes of less than $600 awarded by the Virginia State Lottery Department are excludable.

West Virginia—Public safety retirement benefits are exempt. The first $2,000 of either West Virginia state retirement system benefits or military retirement benefts are exempt. Individuals over age 65 and/or permanently disabled are allowed an income exclusion of up to $8,000.

Wisconsin—Benefits received by persons who were members of the state teacher retirement system or certain Milwaukee City/County retirement systems are excludable. [8]Moving expenses related to a move within or into the state of Wisconsin are eligible for Wisconsin itemized credit. Although the two-earner couple deduction is not permitted, a special married persons credit is provided.

Source: ACIR staff compilation based on ACIR survey of state departments of revenue (Fall 1988), and Commerce Clearing House, *State Tax Reporter.*

Table 21

State Itemized Deductions, Tax Year 1987

(Y = Deductible, N = Nondeductible; see notes)

State	Federal Income Tax	Federal Social Security Taxes	Real Property Tax	State Personal Property Tax	State General Sales Tax	Local General Sales Tax	State Income Tax	Local Income Tax	Medical Expenses[1]	Mortgage Interest	Other Interest[2]	Charitable Contributions	Casualty Losses[3]
Federal Government	N	N	Y	Y	N	N	Y	Y	Y[1]	Y	Y[2]	Y	Y[3]
Alabama	Y*[4]	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y
Alaska	No income tax												
Arizona	Y 46%[4]	N	Y	Y	Y	Y	Y	NA	Y	Y	Y	Y	Y
Arkansas	N	N	Y	Y	N	N	N	NA	Y	Y	Y	Y	Y
California	N	N	Y	Y	N	N	N	NA	Y	Y	Y	Y	Y
Colorado	State income tax is based on federal taxable income												
Connecticut	Only interest, dividends and capital gains are taxed. No itemized deductions permitted												
Delaware	N	N	Y	N	N	N	N	Y	Y	Y	Y	Y	Y
DC (Washington)	N	N	Y	Y	N	N	N	NA	Y	Y	Y	Y	Y
Florida	No income tax												
Georgia	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Hawaii	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Idaho	N	N	Y	Y	N	Y	N	N	Y	Y	Y	Y	Y
Illinois	N	N	Y†	No itemized deductions permitted									
Indiana	No itemized deductions permitted												
Iowa	Y[4]	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Kansas	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Kentucky	Y[4]	N	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Louisiana	Y[4]	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Maine	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Maryland	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Massachusetts	N	$2000[4]	N	N	N	N	N	N	Y[4]	N	N	N	N
Michigan	No itemized deductions permitted												
Minnesota	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Mississippi	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Missouri	Y[4]	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y
Montana	Y	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Nebraska	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Nevada	No Income Tax												
New Hampshire	Only interest and dividends are taxed. No itemized deductions permitted												
New Jersey	N	N	Y	N	N	N	N	N	Y	N	N	N	N
New Mexico	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
New York*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
North Carolina	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
North Dakota	Y[4]	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Ohio	No itemized deductions permitted												

Table 21 (cont.)

State Itemized Deductions, Tax Year 1987

(Y = Deductible, N = Nondeductible; see notes)

State	Federal Income Tax	Federal Social Security Taxes	Real Property Tax	State Personal Property Tax	State General Sales Tax	Local General Sales Tax	State Income Tax	Local Income Tax	Medical Expenses[1]	Mortgage Interest	Other Interest[2]	Charitable Contributions	Casualty Losses[3]
Oklahoma	Y[4]	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Oregon	Limited[4]	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Pennsylvania	No itemized deductions permitted												
Rhode Island	Tax calculated as a percentage of federal liability												
South Carolina	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
South Dakota	No income tax												
Tennessee	Only interest and dividends are taxed. No itemized deductions permitted												
Texas	No income tax												
Utah	Y*[4]	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Vermont	State tax calculated as a percentage of federal liability												
Virginia	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Washington	No income tax												
West Virginia	N	N	N	N	N	N	N	N	N	N	N	N	N
Wisconsin	N	N	N	N	N	N	N	N	Special credit applies				
Wyoming	No income tax												

NA—not applicable.

[1] For federal tax purposes, unreimbursed medical expenses are deductible only to the extent such expenses exceed 7.5% of adjusted gross income. Most states that permit taxpayers to deduct unreimbursed medical expenses will follow the federal 7.5% floor.

[2] "Other Interest" includes interest paid on all loans except mortgage and home equity loans (e.g., consumer installment debt, auto/boat loans, student loans). The deductibility of these types of interest expenses will be phased out over a four-year period. In tax year 1987, 65% of such interest could have been deducted; 1988, 40%; 1989, 20%; 1990, 10%; none in 1991 and thereafter. Most states that permit taxpayers to deduct "other interest" also will follow the phase-out provisions of the federal tax code.

[3] For federal tax purposes, casualty losses must exceed $100 per loss. Furthermore, only total annual losses in excess of 10% of adjusted gross income are deductible (i.e., a 10% "floor" exists for casualty loss deductions). Most states that permit taxpayers to deduct casualty losses apply the same restrictions as those imposed under the federal tax code.

[4] Not an itemized deduction; all taxpayers, including those filing nonitemized returns, may subtract this from state taxable income.

***Individual State Notes**

AL: Medical deductions limited to expenses greater than 3% of adjusted gross income. A casualty loss deduction is permitted for losses in excess of $100 (no 10% floor).

AZ: Renters can take a deduction for the property tax portion of rent payments. (In addition, renters are allowed a credit equal to 5% of the rent or a maximum of $85.) Medical expenses are deductible, no floor. Dividends are deductible from corporations doing 50% or more of their business in Arizona (cannot include any dividends already excluded). Federal tax liability is deductible. Arizona income tax liability is limited to 46% of federal tax liability or $475, whichever is greater.

AR: Medical deduction limited to expenses greater than 7.5% of adjusted income. Charitable contributions such as art and literary contributions are deductible.

CA: All deductions are the same as federal except for state, foreign and local taxes, which are not deductible.

CO: Deductions are the same as allowed for federal income tax purposes. (Previously, state and local taxes were not deductible and federal tax liability was deductible.)

DE: Federal tax liability deduction limited to $300 single, $600 joint; this is available to all taxpayers. All other deductions are the same as on federal schedules except for state income tax, which is not deductible.

DC: Same as for federal schedules except for state and local income tax, which is not deductible. For tax purposes, DC (Washington), is considered to be a state.

GA: All deductions are the same as federal schedules except for state income tax, which is limited to Georgia only.

HI: Deductions are the same as on the federal schedules.

ID: Deductions are the same as on the federal schedules except for state income tax, which is not deductible.

IL: No "typical" standard deductions except for property tax (no zero-bracket). When federal standard deductions exceed withholdings, the amount is considered income for the following tax year. For Illinois state income tax purposes, an individual receives a standard deduction.

IN: Allows a renters deduction of $1,500 maximum and a $1,000 maximum on insulation (material and labor). No itemized deductions (no zero-bracket).

IA: Deductions are the same as on federal schedules except for Iowa income tax, which is not deductible. Other state income taxes are deductible. There are additional deductions allowable for mileage for charitable purposes, care of a disabled relative, and adoption expenses. A deduction is allowed for amounts incurred for tuition and textbooks for dependents attending grades K-12. Deduction per dependent may not exceed $1,000.

KS: Deductions are the same as on federal schedules except for state income tax, which is not deductible.

KY: Allows all taxpayers charitable contribution deductions. Benefits from several state pensions systems are exempt from state taxation even though such benefits may be taxable under federal tax law.

LA: Same deductions are allowed on federal schedules, limited to the amount in excess of the federal standard deduction. Full deduction allowed for federal income tax paid. Allows a $100 credit for deafness, loss of limb, mental incapacity, and blindness. Also allows credit of 10% of federal credits for child care, elderly, energy, political contributions, and other credits, up to a maximum of $25.

MA: Allows deduction (limited to $2,000 per taxpayer) for social security tax or contribution to Massachusetts retirement system; $600 for each child under 12 years of age or federal child care expenses; 50% on rent paid up to $2,500; and adoption fees in excess of 3% of AGI taxable at 5%. Medical deduction is same as on federal schedule (i.e., medical in excess of the 7.5% floor). [No itemized deductions, all taxpayers can take the deductions listed above.]

MI: No federal itemized deductions, however, credits are provided as follows: property tax credit, heating, solar and farmland preservation credits, city income tax credits, credit for contributions to Michigan colleges or universities, municipalities or libraries, art institutions or public broadcasting stations. Also allowed a deduction for military pay, payments to Michigan's pre-paid tuition program, and amount for federal credit for elderly and disabled.

MN: Only those taxpayers taking itemized deductions may deduct school expenses: tuition, transportation and nonreligious textbooks, and rental fees for musical instruments for children in public or private schools (nonprofit), grades K through 12. Deductions are also allowed for children attending schools in surrounding states as long as you are a resident of Minnesota. Elderly exclusion available on income for taxpayers age 65 and over. Based loosely on federal elderly credit, but higher state income ceilings.

MO: Can deduct social security tax, railroad retirement tax and self-employment tax paid only if you itemize deductions. All taxpayers may deduct their federal tax liability. Local income tax can be deducted only if you itemize.

MT: Only taxpayers itemizing may deduct federal tax liability.

NE: Every individual who itemized on the federal return is allowed to subtract from federal adjusted gross income the greater of either the standard deduction or all of federal itemized deductions, except for the amount deducted on the federal return for state or local income taxes paid.

NJ: May deduct residential property tax or a portion of rent paid on principal residence. Minimum amount for homeowners for income $20,000 or less is $3,250; greater than $20,000 but less than $50,000, $2,600; over $50,000, $1,857. For renters the minimum is $1,750, $1,400, and $1,000 respectively. May deduct medical expenses in excess of 2% of adjusted gross income. No itemized deductions per se in that all taxpayers may take these deductions; no zero bracket amount exists.

NM: The greater of federal itemized deductions or state standard deduction amount is allowed ($4,000 married filing joint, $3,500 head of household, $3,000 single, $2,000 married filing separate). There are special credits and rebates for low-income comprehensive tax rebate, low-income food and medical tax rebate, day care, property tax rebate for taxpayers 65 and older, solar equipment and solar irrigation.

NY: Taxpayers with NYAGI in excess of $100,000 must reduce their itemized deductions. The reduction amount is based on filing status and the percentage disallowed ranges up to 20% for taxpayers with NYAGI in excess of $525,000

NC: Medical expenses in excess of 5% of adjusted gross income are deductible.

OH: No itemized deductions allowed, only adjustments to income.

OK: Deductions are the same as on federal schedules. Two tax rate schedules are available—one allowing federal tax deductions and one not. Taxpayers may choose the one that results in the least amount of tax to be paid. Federal tax liability may be deducted for taxpayers using appropriate rate schedule.

OR: Taxpayers use federal deductions (less state income tax). Deduction of federal tax liability is available to all taxpayers. Maximum federal tax deduction limited to $3,000 ($1,500 separately).

PA: Generally does not allow "typical" itemized deductions. Several deductions are allowed for eligible taxpayers; allowable business expenses, moving expenses, educational expenses, office-at-home expenses, union dues, work clothes and uniforms expense, small tools expense and license fees. Tax forgiveness allowed for low-income taxpayers under special provisions.

RI: Tax based on federal tax liability. Adjustments available for taxpayers in a small number of special cases (e.g., out-of-state bonds) less self-employment tax. All deductions are implicit because the state tax paid is a percent of federal tax liability (which permits most of the listed deductions.)

SC: No state or local income tax deductions allowed. Other deductions same as on federal schedules.

UT: Same deductions as on federal schedules except for state income tax, which is not deductible. Adoption expenses up to $1,000 per year are allowed for all taxpayers. Only one-third of net federal income tax paid or payable, after all allowable credits, can be deducted.

VA: Deductions are the same as on federal schedule A line 24, less state and local income taxes.

WI: Individuals are allowed a 5% credit for certain interest expenses, medical expenses, charitable contributions, moving expenses for moves in or into Wisconsin and miscellaneous expenses. A school property tax credit of 8.5% of the first $2,000 of property taxes or rent constituting property taxes paid on a principal dwelling is allowed.

Source: ACIR staff compilation based on ACIR survey of state departments of revenue (Fall 1988), and Commerce Clearing House, *State Tax Reporter*.

Table 22

Local Government Units with Personal Income Taxes, Selected Years 1976-88[1]

State	1988	1987	1986	1985	1984	1981	1979	1976
Alabama								
Cities	10	10	10	10	8	5	5	6
Delaware								
Cities (Wilmington)	1	1	1	1	1	1	1	1
Indiana								
Counties	68	51	45	44	43	38	37	38
Iowa								
School Districts	60	57	61	57	57	26	21	3
Kentucky								
Cities	81	85	78	67	61	59	59	59
Counties	27	25	14	11	9	8	8	
Maryland								
Counties	24	24	24	24	24	24	24	24
Michigan								
Cities	18	17	17	16	16	16	16	16
Missouri								
Cities (Kansas City and St. Louis)	2	2	2	2	2	2	2	2
New York								
Cities (New York City and Yonkers)	2	2	2	2	2	1	1	1
Ohio								
Cities	481	482	480	467	460	NA	417	385
School Districts	5	6	6	6	6	NA	0	0
Pennsylvania								
Cities, Boroughs, Towns, Townships, and School Districts	2,788	*2,782*[2]	*2,777*	*2,758*	*2,644*	NA	*2,585*	*2,553*
Total (excluding Pennsylvania)	779	763	740	707	688	NA	597	535
Total (including Pennsylvania)	3,567	*3,545*	*3,517*	*3,465*	*3,332*	NA	*3,182*	*3,088*

NA—not available.

[1]Employer payroll taxes are levied in California, New Jersey, and Oregon.

[2]*Italics* are estimates.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Guide*.

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to preserve proper table sequence.]

Table 23

Local Government Income Tax Rates for Selected Cities and Counties, by State, 1988
(in percent)

State	City Name (county)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resident	Non-resident	Resident	Non-resident	
Alabama	Auburn (Lee)	1.0	1.0			Salaries, wages, commissions and other compensation earned in taxing cities.
	Birmingham (Jefferson)	1.0	1.0			
	Gadsden (Etowah)	2.0	2.0			
Delaware	Wilmington (New Castle)	1.25	1.25			Salaries, wages, commissions and other compensation earned in taxing cities.
Indiana	Elkhart (Elkhart)			1.0	0.25	County adjusted gross income.
	Ft. Wayne (Wayne)			1.0	0.25	
	Indianapolis (Marion)			0.5	0.125	
Iowa						
School Districts	CAL Community	7.50				Local income tax liability equals percentages at left multiplied by state income tax liability. Local tax is actually a school district tax levied on residents of the particular school district.
	Klemme Community	10.50				
	Lincoln-Central	11.25				
	Meservey-Thornton	8.5				
	Stratford Community	6.25				
	Woden-Crystal Lake	10.00				
Kentucky	Covington (Kenton)	2.5	2.5	0.5	0.5	Salaries, wages, commissions and other compensation earned in the taxing cities and counties. City and county taxes do not overlap.
	Frankfort (Franklin)	1.0	1.0	1.0	1.0	
	Lexington (Fayette)			2.0	2.0	
	Louisville (Jefferson)	2.2	1.45	2.2	1.45	
Maryland	Annapolis (Anne Arundel)			50.0	0	Fifty percent of state income tax liability. All state residents pay a county tax ranging from 20-50% of state income tax liability. The vast majority of taxpayers pay at the 50% rate. In effect, the local rate translates into 2.5% of adjusted gross income greater than $3,000.
	Baltimore (city as well as Baltimore County)			50.0	0	
	Bowie (Prince George's)			50.0	0	
	Rockville (Montgomery)			50.0	0	
	Hagerstown (Washington)			50.0	0	
Michigan	Detroit (Wayne)	3.0	1.5			All earned income in taxing cities.
	Flint (Genessee)	1.0	0.5			
	Grand Rapids (Kent)	1.0	0.5			
	Lansing (Ingham)	1.0	0.5			
Missouri	Kansas City (Jackson)	1.0	1.0			Salaries, wages, commissions and other compensation earned in taxing cities.
	St. Louis City	1.0	1.0			
New York	New York City	1.5-3.5	0.25			NYC: City income tax for residents ranges from 1.5% of the first $2,500 of state taxable income to 3.5% over $60,000; tax on nonresidents equals 0.25% of earned income. Yonkers: Residents pay 15% of net state tax (after property tax credit); nonresidents pay 0.5% of earned income.
	Yonkers (Westchester)	15.0	0.5			
Ohio	Akron (Summit)	2.0	2.0			Salaries, wages, commissions and other compensation earned in taxing cities.
	Cincinnati (Hamilton)	2.1	2.1			
	Cleveland (Cuyahoga)	2.0	2.0			
	Columbus (Franklin)	2.0	2.0			
	Dayton (Montgomery)	2.25	2.25			
	Toledo (Lucas)	2.25	2.25			
	Youngstown (Mahoning)	2.0	2.0			

Table 23 (cont.)

Local Government Income Tax Rates for Selected Cities and Counties, by State, 1988
(in percent)

State	City Name (county)	City Tax Rate: Resident	City Tax Rate: Non-resident	County Tax Rate: Resident	County Tax Rate: Non-resident	Income Tax Based on
Ohio *(cont.)*						
School Districts	Anna (Shelby)	0.5	0			School district taxes are in addition to other local government income taxes. Only those school districts listed can impose income taxes.
	Arlington (Hancock)	0.75	0			
	Bradford (Miami)	1.0	0			
	McComb (Hancock)	1.0	0			
	West-Liberty Salem (Champaign)	0.5	0			
Pennsylvania	Allentown (Lehigh)	1.045	1.0			Salaries, wages, commissions and other income earned in the taxing cities. Only those school districts listed can impose income taxes.
	Erie (Erie)	1.0	1.0			
	Philadelphia	4.96	4.3125			
	Pittsburgh (Allegheny)	2.125	1.0			
	Reading (Berks)	1.0	1.0			
	Scranton (Lackawanna)	2.2	1.0			
School Districts	Philadelphia	4.96[1]				
	Pittsburgh (Allegheny)	1.875[2]				
	Taxes are imposed on the total payroll of employers in the following cities at the rates listed. Many public finance analysts believe that the burden of these taxes is shifted to employees.					
California	Los Angeles	0.75%				
	San Francisco	1.50%				
New Jersey	Newark	0.75%				
Oregon	Clackamas, Multnomah and Washington counties [Portland area]	0.60%				
	Lane County Mass Transit District	0.49%				

[1] Unearned income, commonly called investment income.

[2] Is included on the same form as city tax. Residents of Pittsburgh pay 4% on earned income.

Source: Commerce Clearing House, *State Tax Reporter* (various volumes), October 1988. See also, U.S. Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes*, SR-10 (Washington, DC: ACIR, 1988).

Table 24

State Corporate Income Tax Rates For Tax Year 1988
(as of October 1988)

State	Net Income	Marginal Rate (percent)	Income Tax Deductible	Federal Used as State Tax Base	Special Rates or Features
Alabama	–	5.0	Yes	No	
Alaska	First $10,000	1.0	No	Yes	Decoupled from ACRS only for the oil and gas industry which account for about 90% of the state's corporate tax revenue.
	$10,000-$20,000	2.0			
	$20,000-$30,000	3.0			
	$30,000-$40,000	4.0			
	$40,000-$50,000	5.0			
	$50,000-$60,000	6.0			
	$60,000-$70,000	7.0			
	$70,000-$80,000	8.0			
	$80,000-$90,000	9.0			
	Over $90,000	9.4			
Arizona	First $1,000	2.5	Yes	Yes	Minimum Tax, $50.
	$1,000-$2,000	4.0			
	$2,000-$3,000	5.0			
	$3,000-$4,000	6.5			
	$4,000-$5,000	8.0			
	$5,000-$6,000	9.0			
	Over $6,000	10.5			
Arkansas	First $3,000	1.0	No	No	Federal income allows federal ACRS for realty.
	$3,000-$6,000	2.0			
	$6,000-$11,000	3.0			
	$11,000-$25,000	5.0			
	Over $25,000	6.0			
California	–	9.3	No	No	California-Minimum tax, $300 ($600 for income years beginning in 1989 and $800 after 1989). A 7% alternative minimum tax is imposed. Beginning in 1988, banks and corporations electing a water's-edge method of apportioning income must pay an annual amount equal to 0.3 of 1% of the sum of taxpayer's property, payroll and sales in California.
Colorado	First $50,000	5.25	No	Yes	For income tax years beginning on or after July 1, 1987, but before July 1, 1988, the rate is 5.5% of the first $50,000 of Colorado net income and 6% of excess Colorado net income over $50,000. For income tax years beginning on or after July 1, 1988, the tax rates are reduced until, for income tax years beginning on or after July 1, 1993, the tax is imposed at the rate of 5%. Qualified taxpayers may pay an alternative tax of one-half of 1% of gross receipts from sales in or into Colorado.
	$50,001-$200,000	5.5			
	Over $200,000	6.0%			
Connecticut	–	11.5	No	Yes	To the extent they exceed the net income tax, the greater of the following taxes are imposed on capital stock: 3.1 mills/dollar (minimum,$100; maximum, $500,000) on capital stock and surplus.
Delaware	–	8.7	No	Yes	
DC (Washington)	–	10.0	No	Yes	A 2.5% surtax is imposed.
Florida	–	5.5	No	Yes	A 3% alternative minimum tax is also imposed.
Georgia	–	6.0	No	Yes	
Hawaii	First $25,000	4.4	No	Yes	
	$25,001-$100,000	5.4			
	Over $100,000	6.4			
	Capital gains	4.0			
	Financial Institutions	11.7			
Idaho	–	8.0	No	Yes	Minimum tax, $20. Additional $10 tax on each corporation filing a return and having gross income during the tax year.
Illinois	–	4.0	No	Yes	Additional 2.5% personal property replacement tax imposed.
Indiana	Corporate income tax	3.4	No	Yes	Domestic and interstate corporations pay a tax of 3.4% of AGI from sources within Indiana. A supplemental net income tax is imposed on corporations, banks, trust companies, savings associations and domestic insurers at 4.5%. A 0.3% gross income (receipts) tax is also levied. Federal income allows federal ACRS for realty.
	Supplemental Net Income	4.5			
Iowa	First $25,000	6.0	Yes	Yes	The financial institutions franchise tax is 5% of taxable net income.
	$25,000-$100,000	8.0			
	$100,000-$250,000	10.0			
	Over $250,000	12.0			

Table 24 (cont.)

State Corporate Income Tax Rates for Tax Year 1988
(as of October 1988)

State	Net Income	Marginal Rate (percent)	Income Tax Deductible	Federal Used as State Tax Base	Special Rates or Features
Kansas	–	4.5	No	Yes	A 2.25% surtax is imposed on taxable income in excess of $25,000. Banks, 4.25% of net income plus 2.125% surtax on net income over $25,000. A 1.5% surtax is in effect in the Kansas City School District until capital improvement bonds authorized under court order are retired.
Kentucky	First $25,000	3.0	No	Yes	
	$25,000-$50,000	4.0			
	$50,000-$100,000	5.0			
	$100,000-$250,000	6.0			
	Over $250,000	7.25			
Louisiana	First $25,000	4.0	Yes	Yes*	*Except for insurance companies.
	$25,000-$50,000	5.0			
	$50,000-$100,000	6.0			
	$100,000-$200,000	7.0			
	Over $200,000	8.0			
Maine	First $25,000	3.5	No	Yes	Financial institutions: franchise tax of 1% of Maine net income plus 8 cents per $1,000 of Maine assets. Each year of a book net operating loss, a credit is allowed against the tax on assets.
	$25,000-$75,000	7.93			
	$75,000-$250,000	8.33			
	Over $250,000	8.93			
Maryland	–	7.0	No	Yes	Financial institutions, 7% of net earnings allowable to Maryland.
Massachusetts	–	See Note	No	Yes	Corporations pay an excise tax equal to the greater of the following: (1) $2.60 (includes surtax) per $1,000 of value of Massachusetts tangible property not taxed locally or net worth allocated to Massachusetts, plus 9.5% (includes surtax) of net income; or (2) $400, whichever is greater. A surtax of 14% is imposed.
Michigan	–	2.35	No	Yes	State uses a single business tax rather than a corporate income tax (which operates similar to a value-added tax). The 2.35% rate is applied to federal taxable income with adjustments. Other nonfederal components are also used in the tax base. The first $40,000 of the tax base is exempt.
Minnesota		9.5	No	Yes	80% of ACRS is allowed for 3, 5, and 10-year property and 60% for 15-year real property. For tax years beginning after 1986 and before 1990, an alternative minimum tax is imposed equal to 0.1% of the alternative minimum tax base over regular franchise tax liability. For taxable years beginning after 1989, a federal piggyback alternative minimum tax is imposed. For tax years beginning after 1987, the rate will rise if there is a revenue shortfall. Federal income allows federal ACRS for realty.
Mississippi	First $5,000	3.0	No	No	
	$5,000-$10,000	4.0			
	Over $10,000	5.0			
Missouri	–	5.0	Yes	Yes	Financial institutions are taxed at a rate equal to the sum of (1) the greater of $25 or 0.05% of the par value of the institution's outstanding shares and surplus employed in Missouri and (2) 7% of the institution's net income for the income period minus tax computed on their shares and surplus under (1) and credits allowable for other state and local taxes.
Montana	–	6.75	No	Yes	Minimum tax, $50, except $10 for small business corporations. Beginning in 1988, corporations electing to use water's edge apportionment are taxed at 7%. A 4% surtax applies to all corporate taxpayers after 1987.
Nebraska	First $50,000	4.75	No	Yes	
	Over $50,000	6.65			
Nevada	No tax				
New Hampshire	–	8.0	No	Yes	8% of taxable business profits of business organizations.
New Jersey	–	9.0	No	Yes	All corporations pay additional tax on net worth. Corporations pay a tax of 9% of allocated net income plus additional mill levy on allocated net worth. A 7.25% corporation income tax is imposed on net income from New Jersey other than those subject to or exempt from the general income tax. For accounting or privilege periods ending before July 1, 1993, a surtax is imposed at a rate

Table 24 (cont.)

State Corporate Income Tax Rates for Tax Year 1988
(as of October 1988)

State	Net Income	Marginal Rate (percent)	Income Tax Deductible	Federal Used as State Tax Base	Special Rates or Features
New Jersey *(cont.)*					determined by the Division of Taxation based on the amount of franchise tax paid that is attributable to changes made to federal income tax laws by the *Tax Reform Act of 1986.* (Not imposed for the period July 1, 1988, through June 30, 1989)
New Mexico	First $500,000 Second $500,000 Over $1,000,000	4.8 6.4 7.6	No	Yes	
New York	–	9.0	No	Yes	Corporations are subject to a 9% tax on net income or a tax on three alternative bases, whichever produces the greatest tax. A 10% tax is imposed on unrelated business income, with modifications, of taxpayers subject to the federal tax on unrelated business income. Minimum tax, $250. Surcharge imposed in Metropolitan Commuter Transportation District. New York City corporation income tax is 17% of tax imposed for tax years ending on or after 12/31/83, but before 12/31/90. Small business taxpayers are subject to a lower tax rate. An additional tax of 0.9 mills/$1 of subsidiary capital is levied.
North Carolina	–	7.0	No	Yes	
North Dakota	First $3,000 $3,000-$8,000 $8,000-$20,000 $20,000-$30,000 $30,000-$50,000 Over $50,000	3.0 4.5 6.0 7.5 9.0 10.5	Yes	Yes	The tax is equal to the greater of the tax rate on taxable income or 5% of alternative minimum taxable income, effective for tax years beginning after 1988. Banks, trust companies and associations, 5% of North Dakota building/savings and loan net income.
Ohio	First $25,000 Over $25,000 or 5.82 mills multiplied by value of stock, whichever is greater	5.1 8.9	No	Yes	Minimum tax, $50. Financial institutions are taxed at 15 mills times the value of stock. For ACRS, taxpayer must add 25% of the amount by which the corporation's federal taxable income was reduced by ACRS depreciation, but a deduction of 20% of such addition is allowed in each of the five ensuing tax years. For tax years 1984 and 1985, financial institutions are subject to an additional tax.
Oklahoma	–	5.0	No	Yes	
Oregon	–	6.6	No	Yes	Minimum tax, $10. Qualified taxpayers may elect to pay alternative tax of 0.25% or 0.125% of gross sales in Oregon.
Pennsylvania	–	8.5	No	Yes	
Rhode Island	Greater of 8% or 40c per $100 of net worth, whichever is greater	8.0	No	Yes	
South Carolina	–	6.0	No	Yes	Banks, 4.5% of South Carolina net income; savings and loan associations, 8% of South Carolina net income. The tax is reduced to 5.5% for tax years beginning in 1988 and to 5% for tax years beginning after 1988.
South Dakota	No tax				Banks and financial institutions, 6% of net income with modifications; minimum, $200 per authorized business location.
Tennessee	–	6.0	No	Yes	Corporations are also subject to the 6% tax on dividends and interest.
Texas	No tax				
Utah	–	5.0	No	No	Minimum tax, $100. A 4% surtax is imposed.
Vermont	First $10,000 $10,000-$25,000 $25,000-$250,000 Over $250,000	5.5 6.6 7.7 8.25	No	Yes	Minimum tax, $75.
Virginia	–	6.0	No	Yes	
Washington	No tax				
West Virginia	–	9.75	No	Yes	Beginning July 1, 1988, the rate is reduced by 0.15% per year for 5 successive years, such rate to be 9% on and after July 1, 1992.
Wisconsin	–	7.9	Yes	No	
Wyoming	No tax				ACRS allowed for property placed in service before 1987.

Source: Commerce Clearing House, *State Tax Guide* and *State Tax Reporter,* October 1988.

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Table 25

Major Features of State Sales Taxes, October 1988

State and Region	Tax Rate	States Exempting: Food	Prescription Drugs	Consumer Electric and Gas Utilities	Clothing	States Granting Related Income Tax Credit	Tax Applied to Telecommunications	State
United States	**5.0%[1]**	**28**	**45**	**29**	**6**	**7**	**35**	
New England								
Connecticut	7.5	X	X	X	X*		X	CT
Maine	5	X	X	X*			Yes	ME
Massachusetts	5	X	X	X	X*		X	MA
New Hampshire	—	—	—	No State Sales Tax	—	—	—	NH
Rhode Island	6	X	X	X	X*		Yes[3]	RI
Vermont	4	X	X	X		X	X	VT
Mideast								
Delaware	—	—	—	No State Sales Tax	—	—	—	DE
DC (Washington)	6	X	X				Yes	DC
Maryland	5	X	X				X	MD
New Jersey	6	X	X	X	X		X	NJ
New York	4	X	X	X			Yes	NY
Pennsylvania	6	X	X		X		Yes	PA
Great Lakes								
Illinois +	5	X	X				Yes	IL
Indiana	5	X	X				Yes	IN
Michigan	4	X	X				Yes	MI
Ohio +	5	X	X	X			Yes/4%	OH
Wisconsin +	5	X	X	X*			Yes[5]	WI
Plains								
Iowa +	4	X	X				Yes	IA
Kansas +	4		X	X		X*	Yes/3%	KS
Minnesota +	6	X	X	X*	X		Yes	MN
Missouri +	4.225*		X	X			Yes/4.125	MO
Nebraska +	4	X	X				Yes/3.5%	NE
North Dakota +	5.5*	X	X	X			Yes/4%	ND
South Dakota +	4		X			X*	Yes	SD
Southeast								
Alabama +	4		X*	X			Yes	AL
Arkansas +	4		X	X*			Yes	AR
Florida +	6	X	X				Yes	FL
Georgia +	3		X				Yes	GA
Kentucky +	5	X	X	X			Yes	KY
Louisiana +	4	X	X	X			X	LA
Mississippi	6		X				Yes	MS
North Carolina +	3	*	X	X			Yes	NC
South Carolina	5		X	X			Yes	SC
Tennessee +	5.5		X	X			Yes	TN
Virginia +	3.5		X	X			X	VA
West Virginia	6	X	X	X			X	WV
Southwest								
Arizona +	5	X	X				Yes	AZ
New Mexico +	4.75	*	*			X	Yes/3.75%	NM
Oklahoma +	4		X	X			Yes/3.25%	OK
Texas +	6	X	X	X			Yes	TX
Rocky Mountain								
Colorado +	3	X	X	X			Yes	CO
Idaho +	5		X	X		X	X	ID
Montana	—	—	—	No State Sales Tax	—	—	—	MT
Utah +	5.0938*		X	X*			Yes/4.625	UT
Wyoming +	3		X			X*	Yes	WY
Far West								
California +	4.75	X	X	X			Yes[2] (911 surcharge)	CA
Nevada +	5.75*	X	X	X			X	NV
Oregon	—	—	—	No State Sales Tax	—	—	—	OR
Washington +	6.5	X	X				Yes[4]	WA
Alaska +	—	—	—	No State Sales Tax	—	—	—	AK
Hawaii	4	*	X			X	X	HI

Table 25 (cont.)

Major Features of State Sales Taxes, October 1988

Notes

X = Exempt

\+ = Additional local sales tax rates may be added. See Table 28 for local rates.

[1] Given the nature of the data, a "clean" median does not exist. Of the 46 states (and DC [Washington]) with sales taxes, 14 states and DC (Washington), have rates above 5.0%, 20 states have rates below 5.0%, and 11 states have a rate of 5.0%.

[2] In California, tax is a 911 surcharge.

[3] The sales tax in Rhode Island is on recurring charges only; it is not on toll calls.

[4] Basic local exchange service is exempt.

[5] Wisconsin is the only state to include intra and interstate carrier access charges in the tax base. Similar provisions to apply the sales tax to access charges were repealed in South Carolina effective July 1, 1987, and in Maine effective January 1, 1988.

Individual State Notes

Alabama Prescription drugs for persons over age 65 are exempt.

Arkansas: Exempts the first 500 kilowatt hours of electricity per month for residential customers whose income is not more than $12,000 per year.

Connecticut: Clothing less than $75 and all (under the age of 10) children's clothing is exempt.

Hawaii: Although Hawaii does not exempt food from the general sales tax, a tax credit is granted on the state income tax to help offset the sales tax (and other excise taxes). This credit is available to taxpayers earning $20,000 or less.

Kansas: Related income tax credit allowed for senior citizens depending on income level. Local tax is imposed on sales of natural gas, electricity, heat, and water delivered through mains, lines, or pipes.

Kentucky Coal for the manufacturing of electricity is exempt.

Maine: The first 750 KWH per month is exempt.

Massachusetts: Sales tax applies if an item of clothing or footwear is over $175.

Minnesota: Residential use of natural gas or electricity for heating purposes is exempt through the months of November-April.

Missouri: The sales tax will decrease 1/10 of 1% on July 1, 1990 to 4.125%.

New Mexico: Although New Mexico does not exempt food and prescription drugs from the general sales tax, a tax credit (refundable if no tax is due) is available to taxpayers with modified gross income less than $10,000—this to offset the sales tax on food and prescription drugs.

Nevada: The state has a mandatory 3.75% local sales tax, which in practice gives the state a sales tax rate of 5.75%.

North Carolina: Food purchased with food stamps is exempt. There is a non-refundable credit on the personal income tax to help offset the sales tax on food purchases. The credit ranges from $15 to $25 depending on income level. The credit is not available to taxpayers with taxable income greater than $15,000.

North Dakota: Gross receipts from sales of electricity is exempt.

Rhode Island: Sales tax applies for sports clothing.

South Dakota: Related income tax credit allowed for senior citizens depending on level of income.

Utah: Rate will decrease to 5.0% on January 1, 1990. Utility sales tax rate on gas, electricity, heat, coal, fuel oil or other fuels for residential use is 2.0938% (2% effective January 1, 1990).

Wisconsin: Residential use of natural gas or electricity for heating purposes is exempt through the months of November-April.

Sources: ACIR staff compilations of rates, food and drug exemption information as of October 1988, based on Commerce Clearing House, *State Tax Guide*. Telecommunications tax information compiled by Barbara Lipman of The Urban Institute with the assistance of the staffs of AT&T and MCI.

Table 26

State General Sales Tax Rates
(does not include local taxes)

Region & State	10/1/188	7/1/87	7/1/86	7/1/85	7/1/84	7/1/82	7/1/80	7/1/78
U.S. Median	5.0%	5.0%	5.0%	4.75%	4.75%	4.0%	4.0%	4.0%
New England								
Connecticut	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.0
Maine	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Massachusetts	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rhode Island	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Vermont	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Mideast								
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DC (Washington)	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Maryland	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
New Jersey	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
New York	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Pennsylvania	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Great Lakes								
Illinois	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Indiana	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Michigan	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Ohio	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Wisconsin	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Plains								
Iowa	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Kansas	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Minnesota	6.0	6.0	6.0	6.0	6.0	5.0	4.0	4.0
Missouri	4.225	4.225	4.225	4.225	4.125	3.125	3.125	3.125
Nebraska	4.0	4.0	3.5	3.5	3.5	3.5	3.0	3.0
North Dakota	5.5[1]	5.5	4.0	4.0	4.0	3.0	3.0	3.0
South Dakota	4.0	5.0	4.0	4.0	4.0	4.0	5.0	4.0
Southeast								
Alabama	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Arkansas	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Florida	6.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Georgia	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Kentucky	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Louisiana	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Mississippi	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
North Carolina	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
South Carolina	5.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0
Tennessee	5.5	5.5	5.5	5.5	5.5	4.5	4.5	4.5
Virginia	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0
West Virginia	6.0[2]	5.0	5.0	5.0	5.0	5.0	3.0	3.0
Southwest								
Arizona	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
New Mexico	4.75	4.75	4.75	3.75	3.75	3.5	3.75	3.75
Oklahoma	4.0	4.0	3.25	3.25	3.0	2.0	2.0	2.0
Texas	6.0	6.0	4.125	4.125	4.0	4.0	4.0	4.0
Rocky Mountain								
Colorado	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Idaho	5.0	5.0	5.0	4.0	4.0	3.0	3.0	3.0
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	5.0938	5.0938	4.5938	4.625	4.625	4.0	4.0	4.0
Wyoming	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Far West								
California	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Nevada	5.75[3]	5.75[3]	5.75[3]	5.75[3]	5.75[3]	5.75[3]	3.0	3.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	6.5	6.5	6.5	6.5	6.5	5.4	4.5	4.6
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

[1] North Dakota's rate to decrease to 5% on July 1, 1989.

[2] West Virginia's rate to decrease to 5% on July 1, 1989.

[3] Includes state-mandated local tax of 3.75% and a 2% state rate..

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Review*, October 1988. See the following table for local rates, where applicable.

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Table 27

Local Government Units with Sales Taxes, Selected Years 1976-88

State Type of Government	1988	1987	1986	1984	1981	1979	1976
Alabama (Total)	389	382	374	353	321	301	265
Municipalities	334	326	323	310	281	270	
Counties	55	56	51	43	40	31	
Alaska (Total)	101	93	97	99	92	93	86
Municipalities	95	87	91	92	85	86	
Boroughs	6	6	6	7	7	7	
Arizona (Total)	81	77	75	70	59	39	—
Municipalities	79	75	74	70	59	39	38
Counties	2	2	1	—	—	—	—
Arkansas (Total)	142	111	78	60	2	1	1
Municipalities	100	76	59	44	2	1	
Counties	42	35	19	16	—	—	
California (Total)[2]	446	445	444	443	441	441	438
Municipalities	380	380	380	380	380	380	
Counties	58	58	58	58	58	58	
Transit District	8	7	6	5	3	3	
Colorado (Total)	235	225	222	205	183	165	121
Municipalities	200	193	191	175	159	144	
Counties	34	31	30	29	23	20	
Transit District	1	1	1	1	1	1	
Florida							
Counties	10	0	0	—	—	—	—
Georgia (Total)	155	144	143	133	104	84	16
Municipalities	0	0	0	0	0	3	
Counties	154	143	142	132	103	80	
Transit District	1	1	1	1	1	1	
Illinois (Total)	1,383	1,375	1,376	1,353	1,359	1,359	1,342
Municipalities	1,279	1,271	1,272	1,249	1,256	1,256	
Counties	102	102	102	102	102	102	
Transit District	2	2	2	2	1	1	
Iowa (Total)							
Municipalities	36						
Counties (unincorporated areas)	2						
Kansas (Total)	175	168	168	139	40	20	7
Municipalities	112	108	108	87	35	15	
Counties	62	60	60	52	5	5	
Louisiana (Total)	302	302	287	253	251	217	183
Municipalities	193	192	177	158	152	136	
Parishes	63	63	63	30	30	21	
School Districts	46	47	47	65	66	60	
Special Districts	23	23	23	18	12	7	
Minnesota							
Municipalities	3	3	1	2	1	1	1
Missouri (Total)	674	657	556	487	333	215	152
Municipalities	479	474	458	406	332	214	
Counties	120	114	98	81		1	1
Transit Districts	75	69					
Nebraska							
Municipalities	25	22	16	12	7	4	—
Nevada (Total)*	7	7	5	1	1	13	12
Municipalities	—	—	—	—	—	—	1
Counties	7	7	5	1	1	12	

Table 27 (cont.)

Local Government Units with Sales Taxes, Selected Years 1976-88

State Type of Government	1988	1987	1986	1984	1981	1979	1976
New Mexico (Total)	132	128	134	120	84	99	32
Municipalities	101	100	101	98	76	93	
Counties	31	28	33	22	8	6	
New York (Total)	83	85	81	87	74	70	68
Municipalities	28	26	27	29	29	25	
Counties	54	58	53	57	45	45	
Transit District	1	1	1	1	—	—	
North Carolina							
Counties	100	100	100	100	99	99	96
North Dakota							
Municipalities	4	3	3	—	—	—	—
Ohio (Total)	88	81	76	65	55	51	33
Counties	83	79	74	62	52	50	
Transit District	3	2	2	3	3	1	
Islands	2						
Oklahoma (Total)	479	473	466	447	398	398	356
Municipalities	458	457	452	441	398	398	356
Counties	21	16	14	6	—	—	—
South Dakota (Total)	120	111	107	82	61	46	18
Municipalities	117	111	107	82	61	46	18
Indian Reservations	3	—	—	—	—	—	—
Tennessee (Total)	106	105	105	102	105	104	115
Municipalities	11	10	10	8	11	12	
Counties	95	95	95	94	94	92	
Texas (Total)	1,107	1,029	1,032	1,120	949	946	854
Municipalities	1,023	1,023	1,026	1,117	921	921	
Counties	78						
Transit District	6	6	6	3	28	25	
Utah (Total)	258	248	248	248	NA	230	204
Municipalities	222	219	219	219	NA	201	
Counties	29	29	29	29	29	29	
Transportation Districts	7						
Virginia (Total)	136	136	136	136	136	136	133
Municipalities	41	41	41	41	41	41	
Counties	95	95	95	95	95	95	
Washington (Total)	317	307	305	306	302	302	300
Municipalities	267	268	266	267	264	264	
Counties	40	39	39	39	38	38	
Transit Districts (PTBA)	10						
Wisconsin							
Counties	18	12	2	—	—	—	—
Wyoming							
Counties	16	15	14	15	15	13	5
U.S. Total	6,955	6,892	6,705	6,492	5,702[1]	5,448	4,893
Percentage Change from Previous Year Cited	1%	1%	1%	14%	5%	11%	

*NV—In 1981, the state made the 3.75% county tax mandatory, which in effect raised the state rate and dedicated the tax for special purposes. That same year, authority was granted for counties to levy a transit tax, and three counties currently exercise this option.

[1] In a small number of states, the exact number of units using the tax in 1981 was not available. Total figure is an estimate.

[2] Figures revised from prior editions of *Significant Features of Fiscal Federalism.*

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Reporter,* and National Conference of State Legislatures, *Legislative Finance Paper #24,* "Local Sales and Income Taxes: How Much Are They Used? Should They Be More Widespread?" Denver, CO, 1982.

Table 28

Combined State-Local General Sales Tax Rates, Selected Cities, October 1988

State and Region	City Name (county)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Sales Tax Rate
New England						
Connecticut	No local general sales taxes	7.5%				7.5%
Maine	No local general sales taxes	5.0				5.0
Massachusetts	No local general sales taxes	5.0				5.0
New Hampshire	No state or local general sales taxes	0.0				0.0
Rhode Island	No local general sales taxes	6.0				6.0
Vermont	No local general sales taxes	4.0				4.0
Mideast						
Delaware	No state or local general sales taxes	0.0				0.0
DC (Washington)	(not applicable)	NA		6.0		6.0
Maryland	No local general sales taxes	5.0				5.0
New Jersey	No local general sales taxes	6.0				6.0
New York	Albany (Albany)	4.0	3.0			7.0
	Buffalo (Erie)	4.0	4.0			8.0
	New York City	4.0		4.0	0.25	8.25
	Rochester (Monroe)	4.0	3.0			7.0
	Syracuse (Onondaga)	4.0	3.0			7.0
	Yonkers (Westchester)	4.0	1.5	2.5	0.25	8.25
Pennsylvania	No local general sales tax	6.0				6.0
Great Lakes						
Illinois	Chicago (Cook)	5.0	1.0	2.0	1.0	9.0
	Peoria (Peoria)	5.0	1.25	1.0		7.25
	Rockford (Winnebago)	5.0	1.25	1.0		7.25
	Springfield (Sangamon)	5.0	1.25	1.0		7.25
Indiana	No local general sales tax	5.0				5.0
Michigan	No local general sales tax	4.0				4.0
Ohio	Akron (Summit)	5.0	0.5			5.5
	Cincinnati (Hamilton)	5.0	0.5			5.5
	Cleveland (Cuyahoga)	5.0	1.0		1.0	7.0
	Columbus (Franklin)	5.0	0.5			5.5
	Dayton (Montgomery)	5.0	0.5		0.5	6.0
	Toledo (Lucas)	5.0	1.0			6.0
	Youngstown (Mahoning)	5.0	0.5			5.5
Wisconsin	Barron (Barron)	5.0	0.5			5.5
	Madison (Dane)	5.0				5.0
	Menomonie (Dunn)	5.0	0.5			5.5
	Milwaukee (Milwaukee)	5.0				5.0
Plains						
Iowa	(see Iowa note)	4.0	1.0*			5.0
Kansas	Kansas City (Wyandotte)	4.0	1.0	1.0		6.0
	Topeka (Shawnee)	4.0		1.0		5.0
	Wichita (Sedgwick)	4.0	1.0			5.0
Minnesota	Duluth (St. Louis)	6.0		1.0		7.0
	Minneapolis (Hennepin)	6.0		0.5		6.5
Missouri	Independence (Jackson)	4.225	0.5	1.0		5.725
	Kansas City (Jackson)	4.225	0.5	1.0	0.5	6.225
	St. Louis City	4.225		1.375	0.5	6.100
	Springfield (Greene)	4.225	0.5	1.0		5.725
Nebraska	Lincoln (Lancaster)	4.0		1.5		5.5
	Omaha (Douglas)	4.0		1.5		5.5
North Dakota	Grand Forks (Grand Forks)	5.0		1.0		6.0
	Bismarck (Burleigh)	5.0		1.0		6.0
	Minot (Ward)	5.0		1.0		6.0
South Dakota	Sioux Falls (Minnehaha)	4.0		2.0		6.0
	Pierre (Hughes)	4.0		1.0		5.0

Table 28 (cont.)

Combined State-Local General Sales Tax Rates, Selected Cities, October 1988

State and Region	City Name (county)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Sales Tax Rate
Southeast						
Alabama	Birmingham (Jefferson)	4.0	1.0	2.0		7.0
	Huntsville (Madison)	4.0	1.0	3.0		8.0
	Mobile (Mobile)	4.0		3.0		7.0
	Montgomery (Montgomery)	4.0	1.5	2.0		7.5
Arkansas	Fayetteville (Washington)	4.0	1.0	1.0		6.0
	Fort Smith (Sebastian)	4.0		1.0		5.0
	Little Rock (Pulaski)	4.0	1.0			5.0
	Pine Bluff (Jefferson)	4.0		1.0		5.0
Florida	No local general sales tax	5.0				5.0
Georgia	Atlanta (Fulton)	3.0	1.0		1.0	5.0
	Columbus (Muscogee)	3.0	2.0			5.0
	Macon (Bibb)	3.0	1.0			4.0
	Savannah (Chatham)	3.0	1.0		1.0	5.0
Kentucky	No local general sales taxes	5.0				5.0
Louisiana	Baton Rouge (E. Baton Rouge)	4.0	3.0			7.0
	Lafayette (Lafayette)	4.0	1.5	2.0		7.5
	Lake Charles (Calcasieu)	4.0	1.5	2.0		7.5
	Monroe (Ouachita)	4.0	0.5	2.5		7.0
	New Orleans (Orleans)	4.0	5.0			9.0
	Shreveport (Caddo)	4.0	1.5	2.0		7.5
Mississippi	No local general sales taxes	6.0				6.0
North Carolina	Charlotte (Mecklenburg)	3.0	2.0			5.0
	Durham (Durham)	3.0	2.0			5.0
	Greensboro (Guilford)	3.0	2.0			5.0
	Raleigh (Wake)	3.0	2.0			5.0
	Winston-Salem (Forsyth)	3.0	2.0			5.0
South Carolina	No local general sales taxes	5.0				5.0
Tennessee	Chattanooga (Hamilton)	5.5	1.75			7.25
	Knoxville (Knox)	5.5	1.5			7.0
	Memphis (Shelby)	5.5	2.25			7.75
	Nashville (Davidson)	5.5	2.25			7.75
Virginia	Alexandria (No County)	3.5		1.0		4.5
	Newport News (No County)	3.5		1.0		4.5
	Norfolk (No County)	3.5		1.0		4.5
	Richmond (No County)	3.5		1.0		4.5
	Arlington County	3.5	1.0			4.5
	Chesterfield County	3.5	1.0			4.5
	Fairfax County	3.5	1.0			4.5
	Henrico County	3.5	1.0			4.5
	Prince William County	3.5	1.0			4.5
West Virginia	No local general sales taxes	6.0				6.0
Southwest						
Arizona	Phoenix (Maricopa)	5.0		1.2	0.5	6.7
	Tucson (Pima)	5.0		2.0		7.0
New Mexico	Albuquerque (Bernalillo)	4.75		0.25		5.0
	Santa Fe (Santa Fe)	4.75		0.625		5.375
Oklahoma	Tahlequah (Cherokee)	4.0	1.0	2.0		7.0
	Oklahoma City (Canadian)	4.0		2.0		6.0
	Okmulgee (Okmulgee)	4.0	1.0	3.5		8.5
	Tulsa (Tulsa)	4.0		3.0		7.0
Texas	Abilene (Taylor)	6.0		1.0		7.0
	Austin (Travis)	6.0		1.0	1.0	8.0
	Dallas (Dallas)	6.0		1.0	1.0	8.0
	Fort Worth (Tarrant)	6.0		1.0	0.25	7.25
	Houston (Harris)	6.0		1.0	1.0	8.0
	Lubbock (Lubbock)	6.0	0.5	1.0		7.5
	Pasadena (Harris)	6.0		1.0		7.0

Table 28 (cont.)

Combined State-Local General Sales Tax Rates, Selected Cities, October 1988

State and Region	City Name (county)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Sales Tax Rate
Rocky Mountain						
Colorado	Colorado Springs (El Paso)	3.0	1.0	2.5		6.5
	Denver (Denver)	3.0		3.5	.6	7.1
	Golden (Jefferson)	3.0	0.5	2.0	.6	6.1
	Pueblo (Pueblo)	3.0		3.5		6.5
Idaho	No local general sales taxes	5.0				5.0
Montana	No state or local general sales taxes	0.0				0.0
Utah	Provo (Utah)	5.0938		0.91	0.25	6.253
	Orem (Utah)	5.0938		0.91	0.25	6.253
	Salt Lake City (Salt Lake)	5.0938		0.91	0.25	6.253
Wyoming	Cheyenne (Laramie)	3.0	2.0			5.0
	Casper (Natrona)	3.0	1.0			4.0
Far West						
California	Anaheim (Orange)	4.75	1.25			6.0
	Los Angeles (Los Angeles)	4.75	1.25		0.5	6.5
	Sacramento (Sacramento)	4.75	1.25			6.0
	San Diego (San Diego)	4.75	1.25			6.0
	San Francisco (San Francisco)	4.75	1.25		0.5	6.5
Nevada	Las Vegas (Clark)	5.75	0.25			6.0
	Reno (Washoe)	5.75	0.25		0.25	6.25
Oregon	No local general sales taxes	0.0				0.0
Washington	Seattle (King)	6.5		1.6		8.1
	Spokane (Spokane)	6.5		1.3		7.8
	Tacoma (Pierce)	6.5		1.3		7.8
Alaska	Anchorage (Anchorage)	0.0				0.0
	Fairbanks (Fairbanks/North Star)	0.0				0.0
	Juneau (Juneau)	0.0		4.0		4.0
Hawaii	No local general sales taxes	4.0				4.0

Individual State Notes

AL: The City of Huntsville is not required to pay county sales taxes within its corporate limits. Both counties and cities are authorized to levy sales taxes. City sales taxes are in addition to any county sales taxes. Rate in police jurisdiction 1.5%.

AK: Boroughs may levy a sales and use tax not to exceed 6.0%. Cities outside boroughs may levy a tax not to exceed 3.0%. Cities within boroughs may levy a sales or use tax upon all sources taxed by the borough in the manner provided for boroughs but may not exceed 6.0%. City sales taxes are in addition to borough sales taxes.

AZ: Subject to voter approval, various counties are authorized to levy a transportation excise tax at a rate of not more than 10% of the state transaction privilege tax rate. Maricopa and Pinal Counties are the only ones to levy this tax.

AR: Cities (first, second class and incorporated towns) may impose a sales tax not to exceed 1%. They are allowed to impose an extra 0.5% or 1.0% for improvement of parks. Counties can levy a sales tax not to exceed 1.0%. City sales taxes are in addition to any county sales taxes. The City of Texarkana levies a sales tax of 1.0% plus an additional 1.0% sales tax in lieu of the state income tax.

CA: All counties have adopted a 1.25% sales tax. Cities may levy a conforming 1.0% tax (80% of the total local tax) and counties must allow a credit of 1.0% against the county rate. Total cannot exceed 6.0% except in transit district which cannot exceed 6.5%.

CO: The regional transportation district consisting of the City and County of Denver and portions of Adams, Arapahoe, Jefferson, Boulder and Douglas counties levies a 0.6% sales tax. City sales taxes are in addition to any county sales taxes. Denver levies a 4% tax on food for immediate consumption and liquor by the drink.

GA: The general assembly has authorized the imposition of joint county and municipal sales and use taxes. It created 159 special districts based on county lines which can impose a 1.0% tax. The Metropolitan Atlanta Rapid Transit Authority levies an additional sales tax of 1.0%. The maximum sales tax rate is 5%.

ID: Cities that derive a major portion of their economic well being from tourism may impose a sales tax on all sales subject to taxation under state Sales and Use Tax Act if approved by 60% of the cities' voters.

IL: Counties and municipalities may impose a sales tax not to exceed 1.0%. City sales taxes are in addition to any county and transit sales taxes. Two transit districts levy an additional sales tax of 0.25% or 1.0%. The City of Chicago imposes its own sales and use tax of 1%.

IA: The Cities of Betram and Polk City have a tax rate of 1.0%. Counties received the authority to have a maximum sales tax of 1% in 1985. Based on state sales tax laws.

KS: Cities and counties may impose a 0.5% or 1.0% sales tax. City sales taxes are in addition to any county sales taxes.

Table 28 (cont.)

Combined State-Local General Sales Tax Rates, Selected Cities, October 1988

LA: Parishes and cities are authorized to levy a sales tax not to exceed 3.0%, unless specifically approved in a special election. City sales taxes are in addition to any parish sales taxes. Any school board taxes are included in parish sales taxes.

MN: Minneapolis is authorized to levy a 3.0% tax on sales of admissions, amusements and transient lodgings. Only three municipalities are authorized to levy a sales tax.

MO: Cities may impose a 0.50%, 0.875% or 1.0% sales tax, except St. Louis which may impose a 1.375% tax. Counties may impose a 0.25%, 0.375%, or 0.5% sales tax, except St. Louis County which may impose a 1.0% tax. No city within St. Louis county may impose a sales tax. City sales taxes are in addition to any county or transit sales taxes.

NE: Municipalities may impose a 0.5% or 1.0% sales tax. Omaha and Lincoln are allowed to impose a 1.5% tax. State tax rate rose from 3.5% to 4.0%, effective January 1, 1987.

NV: The state sales tax of 5.75% includes 1.5% for local school support tax and 2.25% for local relief tax. These taxes are mandatory in all 17 counties. Counties may levy an additional sales tax for public transportation, road construction or tourism. Seven counties impose a 0.25% sales and use tax.

NM: All incorporated municipalities impose a sales tax. This tax may not exceed 1.0%. Cities and counties may impose an additional sales tax not to exceed 0.50% for repair and replacement of infrastructure improvements. Counties have three kinds of sales taxes: (1) 0.25% to support indigent hospital patients, (2) 0.125% or 0.25% for county fire protection for areas not included in a municipality, and (3) 0.125% countywide sales tax. Cities with sales taxes are not subject to additional county sales taxes.

NY: Cities and counties may levy a sales tax not to exceed 3.0% except in New York City, Mt. Vernon, Yonkers, Erie County and Nassau County, which may impose a 4.0% sales tax, and Suffolk County which may impose a 3.25% tax.. An additional 0.25% sales tax for the Metropolitan Commuter Transit District may be imposed on New York City and the Counties of Dutchess, Nassau, Orange, Putnam. Rockland, Suffolk and Westchester.

NC: Counties may impose a 1.5 or 2.0% sales tax.

OH: Counties may impose a sales tax not to exceed 1.0%. An additional transit tax is imposed in several counties, but may not exceed 1.5%.

OK: Counties may impose a sales tax not to exceed 2.0%. City sales taxes are in addition to any county sales taxes.

SD: Municipalities may impose a sales tax not to exceed a local rate of 2%.

TN: All counties may levy a local sales tax not to exceed 1/2 of state sales tax rate. City sales taxes are in addition to any county sales taxes, but the county levy takes priority. If a county levies a tax less than one-half of the state rate, a city can only levy the difference. If a city or county adopts a local option base, then the sales tax can only be applied to $1,100 of the purchase price of a single item. If a local option base is not adopted, then there is a $5 limit on any single item.

TX: Municipalities may impose a 1.0% sales tax. They may also impose an additional 0.50% tax to reduce property taxes. Some cities also impose a metropolitan transit authority sales tax.

UT: Cities and counties may impose a sales tax of 0.91 (1% effective January 1, 1990). Cities and counties are also authorized to levy a 0.25% transit tax. Resort communities may include an additional sales tax of up to 1.0%. City and county taxes do not overlap.

VA: Every city and county imposes a 1.0% sales tax, so total combined state wide sales tax is 4.5%. Cities are independent of counties in Virginia.

WA: Cities and counties may levy a local sales and use tax of 0.5%. They are also authorized to levy an additional sales tax not to exceed 0.6% for the purpose of transportation. Counties must allow a credit for the full amount of any city sales and use taxes.

WI: Counties may impose a sales tax at a rate of 0.5%.

WY: Counties are authorized to levy a sales tax not to exceed 1.0%.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, October 1988.

Table 29

State Cigarette Tax Rates per Pack

(as of July 1 of each year – does not include local taxes)

State and Region	1988	1987	1986	1985	1984	1982	1980	1978
U.S. Median	$0.18	$0.18	$0.17	$0.17	$0.16	$0.13	$0.125	$0.12
New England								
Connecticut	.26	.26	.26	.26	.26	.21	.21	.21
Maine	.28	.28	.28	.20	.20	.16	.16	.16
Massachusetts	.26	.26	.26	.26	.26	.21	.21	.21
New Hampshire	.17	.17	.17	.17	.17	.12	.12	.12
Rhode Island	.27	.25	.25	.234	.23	.23	.18	.18
Vermont	.17	.17	.17	.17	.17	.12	.12	.12
Mideast								
Delaware	.14	.14	.14	.14	.14	.14	.14	.14
DC (Washington)	.17	.17	.13	.13	.13	.13	.13	.13
Maryland	.13	.13	.13	.13	.13	.13	.13	.10
New Jersey	.27	.27	.25	.25	.25	.24	.19	.19
New York	.21	.21	.21	.21	.21	.15	.15	.15
Pennsylvania	.18	.18	.18	.18	.18	.18	.18	.18
Great Lakes								
Illinois	.20	.20	.20	.12	.12	.12	.12	.12
Indiana	.155	.155	.105	.105	.105	.105	.105	.105
Michigan	.25	.21	.21	.21	.21	.21	.11	.11
Ohio	.18	.18	.14	.14	.14	.14	.15	.15
Wisconsin	.30	.30[6]	.25	.25	.25	.25	.16	.16
Plains								
Iowa	.34[7]	.26	.26	.18	.18	.18	.13	.13
Kansas	.24	.24	.24	.16	.16	.11	.11	.11
Minnesota	.38	.38	.39[2]	.23	.18	.18	.18	.18
Missouri	.13	.13	.13	.13	.13	.13[3]	.09	.09
Nebraska	.27	.27	.23	.18	.18	.18	.13	.13
North Dakota	.27	.27	.18	.18	.18	.12	.12	.11
South Dakota	.23	.23	.23	.23	.15	.15	.14	.12
Southeast								
Alabama	.165[11]	.165	.165	.165	.165	.16	.16[4]	.12
Arkansas	.21	.21	.21	.21	.21	.1775	.1775	.1775
Florida	.24	.24	.24	.21	.21	.21	.21	.21
Georgia	.12	.12	.12	.12	.12	.12	.12	.12
Kentucky	.03[8]	.03	.03	.03	.03	.03	.03	.03
Louisiana	.16	.16	.16	.16	.16	.11	.11	.11
Mississippi	.18	.18	.18	.11	.11	.11	.11	.11
North Carolina	.02	.02	.02	.02	.02	.02	.02	.02
South Carolina	.07	.07	.07	.07	.07	.07	.07	.07
Tennessee	.13[10]	.13	.13	.13	.13	.13	.13	.13
Virginia	.025	.025	.025	.025	.025	.025	.025	.025
West Virginia	.17	.18	.17	.17	.17	.17	.17	.17
Southwest								
Arizona	.15	.15	.15	.15	.15	.13	.13	.13
New Mexico	.15	.15	.15	.12	.12	.12	.12	.12
Oklahoma	.23	.25	.18	.18	.18	.18	.18	.13
Texas	.26	.205	.205	.195[5]	.185	.185	.185	.185
Rocky Mountain								
Colorado	.20	.20	.20	.15	.15	.10	.10	.10
Idaho	.18	.18	.091	.091	.091	.091	.091	.091
Montana	.16	.16	.16	.16	.16	.12	.12	.12
Utah	.23	.23	.12	.12	.12	.12	.10	.08
Wyoming	.08	.08	.08	.08	.08	.08	.08	.08
Far West								
California[12]	.10	.10	.10	.10	.10	.10	.10	.10
Nevada	.20[9]	.20	.15	.15	.15	.10	.10	.10
Oregon	.27	.27	.27	.19	.19	.19	.09	.09
Washington	.31	.31	.31	.23	.23	.208	.16	.16
Alaska	.16	.16	.16	.08	.08	.08	.08	.08
Hawaii	40%[1]	40%[1]	40%	40%	40%	40%	40%	40%

Note: State tax rates are *in addition to* the federal tax of $.16.

[1]Tax is 40% of wholesale price, approximately $.29 per pack in 1986.
[2]Credit granted for federal excise tax paid ($.16 in 1988).
[3]Effective August 13, 1982 ($.09 until then).
[4]Effective July 28, 1980 ($.12 until then).
[5]Tax increased to $.205 on September 1, 1985.
[6]Effective September 1, 1987 ($.25 until then).
[7]Rate reduced to $.31 on July 1, 1989.
[8]Plus a $.001 tax for each package of cigarettes.
[9]Tax is reduced to $.15.
[10]Additional $.05 per pack fee on distributors.
[11]Local taxes extra.
[12]California's tax will increase to $.35 in 1989.

Source: ACIR staff compilations from Commerce Clearing House, *State Tax Review*.

Table 30

State Gasoline Tax Rates per Gallon

(as of July 1 of each year – does not include local taxes)

Region and State	1988	1987	1986	1985	1984	1982	1980	1978
U.S. Median	$.145	$.145	$.13	$.12	$.12	$.10	$.09	$.08
New England								
Connecticut	.20[8]	.19	.17	.16	.15	.11	.11	.11
Maine	.16[9]	.14	.14	.14	.14	.09	.09	.09
Massachusetts	.11	.11	.11	.11	.11	.104	.085	.085
New Hampshire	.14	.14	.14	.14	.14	.14	.11	.10
Rhode Island	.15	.13	.13	.13	.13	.10	.10	.10
Vermont	.13[11]	.13	.13	.13	.13	.11	.09	.09
Mideast								
Delaware	.16	.16	.11	.11	.11	.11	.09	.11
DC (Washington)	.155	.155	.155	.155	.155	.14	.10	.10
Maryland	.185	.185	.135	.135	.135	.11	.09	.09
New Jersey	.105	.08	.08	.08	.08	.08	.08	.08
New York	.08	.08	.08	.08	.08	.08	.08	.08
Pennsylvania	.12	.12	.12	.12	.12	.11	.11	.09
Great Lakes								
Illinois	.13	.13	.13	.13	.12	.075	.075	.075
Indiana	.15	.14	.14	.14	.111	.111	.085	.08
Michigan	.15	.15	.15	.15	.15	.11	.11	.09
Ohio	.148	.147	.12	.12	.12	.117	.07	.07
Wisconsin	.209	.20	.175	.165	.16	.13	.09	.07
Plains								
Iowa	.18	.16	.16	.15	.13	.13	.10	.085
Kansas	.11	.11	.11	.11	.11	.08	.08	.08
Minnesota	.20	.17	.17	.17	.17	.13	.11	.09
Missouri	.11	.11	.07	.07	.07	.07	.07	.07
Nebraska	.182	.176	.19	.164	.149	.137	.105	.095
North Dakota	.17	.17	.13	.13	.13	.08	.08	.08
South Dakota	.18	.13	.13	.13	.13	.13	.12	.08
Southeast								
Alabama[4]	.11	.11	.11	.11	.11	.11	.11[2]	.07
Arkansas	.135	.135	.135	.135	.095	.095	.095	.085
Florida[5]	.04	.04	.04	.04	.04	.08	.08	.08
Georgia[1]	.075[1]	.075[1]	.075[1]	.075[1]	.075[1]	.075[1]	.075[1]	.075[1]
Kentucky	.15	.15	.15	.10	.10	.098	.09	.09
Louisiana	.16	.16	.16	.16	.16	.08	.08	.08
Mississippi	.17	.15	.09	.09	.09	.09	.09	.09
North Carolina	.14	.155	.12	.12	.12	.12	.09	.09
South Carolina	.15[10]	.15	.13	.13	.13	.13	.10	.09
Tennessee	.17	.17	.17	.12	.09	.09	.07	.07
Virginia	.175	.175	.15	.11	.11	.11	.11	.09
West Virginia	.105	.105	.105	.105	.105	.105	.105	.105
Southwest								
Arizona	.16	.16	.16	.13	.13	.10	.08	.08
New Mexico	.142	.14	.11	.11	.11	.10	.08	.07
Oklahoma	.16	.16	.10	.10	.09	.0658	.0658	.0658
Texas	.15	.15	.10	.10	.05	.05	.05	.05
Rocky Mountain								
Colorado	.18[7]	.18	.18	.12	.13	.09	.07	.07
Idaho	.18	.145	.145	.145	.145	.125	.095	.095
Montana	.20	.20	.17[3]	.15	.15	.09	.09	.08
Utah	.19	.19	.14	.14	.14	.11	.09	.09
Wyoming	.08	.08	.08	.08	.08	.08	.08	.08
Far West								
California	.09	.09	.09	.09	.09	.07	.07	.07
Nevada	.1625	.1425	.1125	.1125	.1025	.1025	.06	.06
Oregon	.14	.12	.11	.10	.09	.08	.07	.07
Washington	.18	.18	.18	.18	.18	.12	.12	.11
Alaska	.08	.08	.08	.08	.08	.08	.08	.08
Hawaii[6]	.11	.11	.11	.11	.085	.085	.085	.085

Note: State tax rates are in addition to federal tax of 9¢ per gallon.

[1]Plus additional tax of 3% of retail sales price, less the $.075 tax.

[2]Effective August 1, 1980 ($.07 until then).

[3]Effective August 1, 1986 ($.15 until then).

[4]Local tax rates range from $.01-$.04.

[5]Local tax rates range from $.01-$.06.

[6]Local tax rates range from $.04-$.08.

[7]Effective July 1, 1989, rate reduced to $.12.

[8]Effective July 1, 1990, rate increased to $.22.

[9]Rate could increase to $.17 or $.20 depending on federal highway funding.

[10]Effective July 1, 1989, rate increased to $.16.

[11]Effective April 1, 1989, to March 31, 1991, rate increases to $.14.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Review*.

Table 31

State Alcoholic Beverage Excise Tax Rates—License States as of September 1988

State	Beer over 3.2%	Wine	Spirits[1]	Other Taxes[2]
Alaska	$.35/gal	$.85/gal	$5.60/gal	•
Arizona	$.16/gal	$.84/gal for wine 24% or less $.25/8 oz for wine over 24%	$3.00/gal	•
Arkansas	$.16/gal 3.2% or less $.24/gal 3.2% or more	$.75/gal	$2.50/gal	Additional $.01/gal for beer Additional $.05/case for sparkling and still wines Additional $.20/case for liquors and cordials Additional 10% mixed drink tax
California	$.04/gal	$.01/gal for wine 14% or less $.02/gal for wine over 14% $.30/gal for sparkling wine $.02/gal for sparkling hard cider	$2.00/gal for spirits 50% or less $4.00/gal for spirits over 50%	•
Colorado	$.08/gal	$.28/gal	$2.28/gal	•
Connecticut	$.10/gal	$.30/gal for wine 21% or less $.75/gal for wine over 21% and sparkling	$3.00/gal	•
Delaware	$.06/gal	$.40/gal	$1.50/gal for spirits 25% or less $2.25/gal for spirits over 25%	
DC (Washington)	$.07/gal	$.15/gal for wine 14% or less $.33/gal for wine over 14% $.45/gal for sparkling wines	$1.50/gal	6% sales tax on packaged liquor 8% sales tax for on-premise consumption
Florida	$.48/gal	$2.25/gal for wine under 17.259% and wine coolers $3.00/gal for wine 17.259% and over $3.50/gal for natural sparkling wine	$2.25/gal for spirits over 0.5% but less than 17.259% $6.50/gal for spirits 17.259-55.78% $9.53/gal for spirits over 55.78%	
Georgia	$.045/12 oz container $.32/gal	$1.52/gal $2.54/gal for dessert wines	$4.62/gal $3.79/gal $.83/gal (local)	City and county tax on malt beverages is $.05 per 12 oz bottles, cans, and containers $6 per container Cities and counties may impose a tax no greater than $.83 per gallon
Hawaii	$.50/gal draft $.81/gal other than draft	$.81/gal "cooler" beverage $1.30/gal still wine $2.00/gal sparkling wine	$5.20/gal distilled spirits	.5% wholesalers' tax 4% retailers' tax Alcoholic beverage rates may be adjusted according to total gallonage and unit price fluctuations
Illinois	$.07/gal	$.23/gal for wine 14% or less $.60/gal for wine over 14%	$2.00/gal	•
Indiana	$.115/gal	$.47/gal for wine 21% or less $2.68/gal for wine over 21%	$2.68/gal	Distributors allowed a 1.5% discount on excise taxes due if remittance is made on time and report is accurate
Kansas	$.18/gal	$.30/gal on wine 14% or less $.75/gal on wine over 14%	$2.50/gal	Enforcement tax of 8% in lieu of sales tax 10% on-premise gross receipts tax

Kentucky	$.08/gal	$.50/gal	$1.92/gal	Additional 9% gross receipts on wholesalers $.05/case on wholesalers Packaged liquor is exempt from sales tax 5-5.5% (on-premise only)
Louisiana	$.32/gal	$.11/gal for wine 14% or less $.23 for wine 14-24% $1.59/gal for wine over 24% and sparkling	$2.50/gal	$.05/gal of beer (local tax)
Maryland	$.09/gal	$.40/gal	$1.50/gal	
Massachusetts	$.11/gal	$.03/gal for 3-6% cider $.55/gal for 3-6% still wine $.70/gal for sparkling wine	$1.10 for spirits 15% or less $4.05/gal for spirits over 15%	Additional gross receipts tax on sales of packaged and on-premise liquor of .5%
Minnesota	$.15/gal over 3.2% $.07/gal under 3.2%	$.30/gal for wine under 14% $.95/gal for wine 14-21% $1.82/gal for wine 21-24% $3.52/gal for wine over 24% $1.82/gal for sparkling wine	$5.03/gal	Additional 2.5% tax over and above regular 6% sales tax levied on sales of packaged and on-premise liquor
Missouri	$.06/gal	$.34/gal	$2.00/gal	
Nebraska	$.23/gal	$.75/gal for wine 14% or less $1.35/gal for wine 14%	$3.00/gal	
Nevada	$.09/gal	$.40/gal for wine 14% or less $.75/gal for wine 14-22% $2.05/gal for wine over 22%	$2.05/gal $.40/gal when not over 14% alcohol	3% excise tax refund for early payment of taxes 5.75% sales tax
New Jersey	$.03/gal	$.30/gal	$2.80/gal	7.3% wholesale tax in lieu of sales tax
New Mexico	$.18/gal	$.95/gal	$3.94/gal	
New York	$.055/gal	$.12/gal for still wine $.66/gal for sparkling wine $.33/gal for artificially carbonated wine	$1.00/gal for spirits 24% or less $4.09/gal for spirits over 24%	
North Dakota	$.08/gal for barrel and keg beer $.16/gal for bottled and canned beer	$.50/gal for wine less than 17% $.60/gal for wine 17-24% $1.00 for sparkling wine	$2.50/gal	Sales tax is levied at 6.5%; 1% higher than the state rate
Oklahoma	$.40/gal $.36/gal under 3.2%	$.72/gal for wine 14% or less $1.40/gal for wine over 14% $2.08/gal for sparkling wine	$5.56/gal	Additional gross receipt tax for mixed beverages of 12% On-premise enforcement tax of $1 per bottle (or case for beer)
Rhode Island	$.06/gal $.05/case wholesale tax	$.20/gal native wines $.40/gal still wine $.50/gal sparkling wine	$2.50/gal	6% sales tax

Table 31 (cont.)

State Alcoholic Beverage Excise Tax Rates – License States as of September 1988

State	Beer over 3.2%	Wine	Spirits[1]	Other Taxes[2]
South Carolina	$.77/gal	$.05/gal native wine 14% or less $.45/gal native wine 14-21% $.90/gal wine over 21% $.18/gal excise tax	$2.72/gal	Additional 9% liquor surtax; plus 3 separate taxes on spirits: Wholesale tax $1.81/case Additional retail tax $.56/case Retailers' tax $2.99/case 2% discount for taxes paid is allowed for beer and wine •
South Dakota	$.27/gal	$.93/gal for wine 14% or less $1.45/gal for wine over 14-20% $2.07/gal for wine over 20% and sparkling	$3.93/gal	Additional wholesale tax of 2% of purchase price on alcoholic beverages except beer •
Tennessee	$.125/gal	$1.10/gal	$4.00/gal	Additional taxes include: Enforcement tax of $.15/case 15% (on-premise) Beer wholesalers tax of 17%, less 3% to cover collection costs
Texas	$.19/gal	$.204/gal for wine 14% or less $.408/gal for wine over 14% $.516/gal for sparkling wine	$2.40/gal $.05/serving on planes and trains	Additional gross receipts tax for mixed beverages of .12% 6% sales tax
Wisconsin	$.06/gal	$.25/gal for wine 14% or less $.45/gal for wine over 14-21%	$3.25/gal	5-5.5% sales tax

Note: Special tax rates for native alcoholic beverages are not included. Does not include state and local license fees. The median tax rate for beer (excluding Hawaii) is $.129/gal. Rates for wine and spirits are too diversified to compute a median. Many states levy tax rates based on barrels or liters. These have been converted to gallons to help make tax rates comparable.

[1] All taxes on spirits are levied at the rates shown below for a "proof gallon." A proof gallon is defined as a gallon of liquor containing 50% of ethyl alcohol. Taxes on liquor containing more or less than 50% alcohol are prorated accordingly.

[2] Sales of liquor, wine, and beer are generally subject to the sales tax. Only two states exempt all liquor: Massachusetts and Vermont. Special taxes in lieu of sales tax are used in Kansas and North Carolina. Virginia exempts liquor sales through state stores. New Jersey places a 7.3% rate on liquor at the wholesale level only. Kentucky exempts off-premise sales, but applies an extra wholesale tax.

• Local tax rates are additional.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter;* Distilled Spirits Council of the United States, Inc., *Tax Briefs, 1988.*

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to preserve proper table sequence.]

Table 32

State Alcoholic Beverage Excise Tax Rates and/or Markup, and Method of Control[1] – Control States as of July 1988

State	Beer	Wine	Spirits	Other Taxes	Methods of Control
Alabama	$1.05/gal (includes $.52/gal local tax)	$1.70 gal table wine 30% off-premise markup 35.27% on-premise markup Subject to 6% sales tax 6% off-premise sales tax	48% tax 30% off-premise markup 21.75% on-premise markup 4% on-premise sales tax	*	Monopoly on spirits at wholesale State also owns some retail stores Beer and wine with an alcohol content of less than 14% are sold at wholesale by distributor
Idaho	$.15/gal	$.45/gal private outlet or 45% state store markup plus bottle charge	45% markup plus bottle charge	15% surcharge on goods sold at state stores 5% sales tax	State-owned retail stores sell spirits and wine Licensed retailers may sell wine and beer
Iowa	$.19/gal	$1.75/gal	50% maximum markup	$.05/bottle deposit	Licensed retailers may sell beer, wine and liquor No state-owned stores as of June 1987 State warehouse sells at wholesale only
Maine	$.35/gal	75% markup $.60/gal still wine $1.24/gal sparkling wine	75% markup plus $1.25/gal 2% ad valorem excise 10% ad valorem excise	Taxes include alcoholic rehabilitation dedication 5% sales tax	State-owned retail stores and privately owned agency stores sell all spirits and spirituous wine of over 14.5% alcohol content
Michigan	$.20/gal	$.51/gal for wine 16% or less. $.76/gal for wine over 16%	12% tax 51% markup	Added tax of 1.85% of retail price of liquor for off-premise 4% sales tax	State-owned retail stores and private "specially designated distributors" sell spirits Licensed retailers sell wine and beer
Mississippi	$.43/gal	$.35/gal for still wines $1.00/gal for sparkling 24.5% markup	$2.50 tax 24.5% markup	3% alcohol abuse tax 6% sales tax $1.50/case freight 6% wholesale tax (retailers receive credit)	State monopoly of wholesale sales of alcoholic beverages over 4% by weight
Montana	$.14/gal	$1.06/gal (except fortified) 26% excise tax on fortified 40-60% state store markup $1.20/case freight	26% excise tax 40% markup $1.20/case freight		State-operated retail stores and agencies sell spirits and wine Licensed retailers may sell table wine and beer
New Hampshire	$.30/gal	$.30/gal for wine coolers of 6% or less alcohol content 55-63% markup	40-46% markup		State-owned retail stores sell alcoholic beverages Licensed retailers may sell wine under 14% and beer
North Carolina	$.53/gal containers of 7.75 gal or less $.48/gal containers of 7.75 gal or more.	$.80/gal for wine 17% or less $.91/gal for wine over 17% Varied markup for state stores	75.0534% markup $.10/bottle $.83/case bailment	$.01-.05/bottle alcoholic rehabilitation tax $15.00/gal mixed beverage tax	County and city-operated liquor stores in counties allowing sale Licensed retailers may sell wine and beer
Ohio	$.08/gal $.00125/oz—12 oz or less bottle or can $.0075/6 oz—12 oz or more bottle and can	$.26/gal for wine 14% or less $.62/gal for wine 14-21% $1.27/gal for sparkling wine	$2.25/gal 42.86% markup plus 9% markup $1/case handling charge	5-7.5% sales tax	State-owned retail or agency stores sell alcoholic beverages over 21% Licensed retailers sell wine under 21% and beer

Oregon	$.085/gal	$.67 for wine 14% or less $.77 for wine 14-21% (above apply to private outlets and include $.02 for wine advisory board) 99% state store markup	99% markup		State-owned retail stores sell spirits and some wine Licensed retailers sell wine and beer
Pennsylvania	$.08/gal	25% markup	25% markup	6% sales tax Added tax of 18% of net price and a $.46/unit handling charge for spirits and wine	State-owned retail stores sell spirits and wine Licensed retailers sell beer
Utah	$.355/gal in private and state stores	$.17/gal for wine 1-14% $.67/gal for wine 14-21% $2.25/gal for wine 21.1-24% 67.5% markup on 21% or less 80% markup on 21% or more	$12.50/proof gal 103% markup	6.25% sales tax. 13% added school lunch tax on wine and spirits	State monopoly of sales of alcoholic beverages Licensed retailers may sell beer under 4%
Vermont	$.265/gal	$.55 for private outlet wine 14% or less 25% tax and 40% average markup in state stores.	25% tax 35% average markup	6% sales tax (on-premise only)	State-owned retail stores sell spirits, wine over 14% and beer over 6% Licensed retailers may sell wine 14% or less and beer 6% or less
Virginia	$.26/gal bulk $.02/bottle not more 7 oz $.03/bottle 7-12 oz $.03/bottle plus $.02/oz for bottles over 12 oz	$1.52/gal private and state store 50% state store markup 4% excise tax	20% excise tax 41.5% markup	$.80/case handling for wine and spirits 4% local option tax (on-premise with meal)	State-owned retail stores sell spirits and Virginia-made wines Licensed retailers may sell wine and beer
Washington	$.09/gal private outlet 70% state store markup	$.83/gal private and state stores 50% state store markup	$7.45/gal 17.1% liquor tax 39.2% state store markup 32.9% on-premise markup	6.5-8.1% state-local sales tax on all beer and wine sales and on-premise spirits	Private retailers may sell only wine and beer State may sell all beverages
West Virginia	$.18/gal	$1.00/gal private outlet or 75% markup plus bottle tax at state store $.759/case state store	55% specialty items 81% distilled spirits $.759/case freight plus bottle tax	11% sales tax on wine and spirits 6% sales tax on beer	State-owned retail stores sell spirits and wine Licensed retailers may sell wine 14% or less and beer
Wyoming	$.19/gal	$.28/gal private outlet 17.6% markup	$.94/gal 17.6% markup	$.17/case handling $3/case freight for wine and spirits 3-5% sales tax	State monopoly at wholesale level

*Local government taxes are additional.

[1] In 18 control states, retail or wholesale sales of spirits are mainly performed by state-owned outlets. In 16 of these states, off-premise retail sales are made by state-owned stores or agencies. In three states, wholesale sales are a state monopoly with sales at retail conducted by private outlets. Revenues in control states are derived from markups that yield profits for state governments. In addition to state profits, excise, sales, and other taxes also contribute revenues.

Source: ACIR staff compilation from Distilled Spirits Council of the United States, Inc., *Tax Briefs, 1988*; unpublished compilation from the Wine Institute, San Francisco; Commerce Clearing House, *State Tax Reporter*.

Table 33

Average Effective Property Tax Rates, Existing Single Family Homes with FHA-Insured Mortgages, by State and Region, Selected Years 1966-87[1]

State and Region	1987	1987 Rank [High = 1; Low = 50][2]	1986	1985	1984	1983	1982	1981	1977	1971	1966
U.S. Totals	1.15%		1.16	1.21	1.23	1.31	1.26	1.26	1.67	1.98	1.70
New England											
Connecticut	1.46	12	1.46	1.64	1.68	1.60	NA	1.53	2.17	2.38	2.01
Maine	1.22	19	1.21	1.28	1.31	1.52	1.52	1.42	1.65	2.43	2.17
Massachusetts	0.84	35	1.08	1.33	1.57	1.85	NA	2.43	3.50	3.13	2.76
New Hampshire	1.55	9[2]	1.55	1.87	2.02	2.23	2.39	NA	NA	3.14	2.38
Rhode Island	1.49	11[2]	1.49	2.08	NA	2.01	NA	NA	NA	2.21	1.96
Vermont	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.53	2.27
Mideast											
Delaware	0.68	43	0.73	0.65	0.71	0.76	0.75	0.79	0.88	1.26	1.14
DC (Washington)	1.17		1.17	1.19	1.14	1.17	1.15	1.22	NA	1.80	1.37
Maryland	1.22	18	1.30	1.30	1.26	1.38	1.37	1.25	1.69	2.24	2.05
New Jersey	2.38	1	2.33	2.47	2.62	2.54	2.55	2.53	3.31	3.01	2.57
New York	2.07	5	2.22	2.38	2.80	2.66	2.57	2.75	2.89	2.72	2.40
Pennsylvania	1.40	14	1.37	1.41	1.53	1.71	1.63	1.50	1.85	2.16	1.88
Great Lakes											
Illinois	1.55	10	1.59	1.57	1.63	1.72	1.59	1.47	1.90	2.15	1.96
Indiana	1.25	17	1.28	1.27	1.22	1.23	1.19	1.13	1.66	1.96	1.64
Michigan	2.10	4	2.26	2.27	2.78	2.68	2.68	2.74	2.63	2.02	1.81
Ohio	1.06	22	1.08	1.11	1.03	1.15	1.15	1.07	1.26	1.47	1.44
Wisconsin	2.03	6	2.27	1.99	2.00	1.90	2.01	1.75	2.22	3.01	2.31
Plains											
Iowa	1.96	8[2]	1.96	1.96	1.63	1.67	1.64	1.75	1.76	2.63	2.12
Kansas	1.11	20	1.06	1.16	1.11	1.00	0.97	0.93	1.37	2.17	1.96
Minnesota	1.00	26	1.03	1.04	0.99	0.85	0.77	0.79	1.39	2.05	2.14
Missouri	0.83	36	0.89	0.98	1.02	1.09	1.17	0.95	1.59	1.79	1.64
Nebraska	2.01	7	2.21	2.29	2.11	2.12	2.23	2.31	2.48	3.15	2.67
North Dakota	1.38	15	1.37	1.26	1.25	1.26	1.10	1.01	1.26	2.08	1.81
South Dakota	2.17	3	2.31	1.96	1.63	1.75	1.77	1.69	1.79	2.71	2.64
Southeast											
Alabama	0.39	48	0.39	0.37	0.41	0.42	0.41	0.38	0.74	0.85	0.66
Arkansas	0.64	45	1.09	1.29	1.35	1.29	1.42	1.42	1.49	1.14	1.09
Florida	0.92	30	0.89	0.81	0.79	0.92	1.03	0.92	1.13	1.41	1.09
Georgia	1.03	24	0.90	1.00	1.08	1.16	1.21	1.21	1.27	1.44	1.30
Kentucky	0.87	33	1.10	NA	0.95	1.02	1.11	1.14	1.25	1.27	1.03
Louisiana	0.22	49	0.25	0.22	0.16	0.14	0.15	0.28	0.61	0.56	0.43
Mississippi	0.76	39	0.77	0.81	0.77	0.82	0.76	0.86	1.10	0.96	0.93
North Carolina	1.01	25[2]	NA	NA	1.01	0.96	0.97	1.07	1.35	1.58	1.31
South Carolina	0.72	40	0.70	0.77	0.81	0.85	0.92	0.84	0.82	0.94	0.60
Tennessee	0.89	31	1.04	1.14	0.97	1.17	1.24	1.42	1.40	1.53	1.37
Virginia	0.98	27	1.42	1.07	1.00	1.28	1.44	1.39	1.21	1.32	1.13
West Virginia	0.69	41	0.88	NA	NA	0.68	NA	0.37	NA	0.69	0.71
Southwest											
Arizona	0.66	44	0.68	0.65	0.71	0.71	0.56	0.74	1.72	1.65	2.41
New Mexico	0.88	32	1.01	0.76	0.76	0.90	0.93	1.14	1.65	1.70	1.30
Oklahoma	0.76	38	0.90	0.95	0.95	0.89	0.74	0.82	0.95	1.35	1.11
Texas	1.41	13	1.44	1.36	1.32	1.36	1.40	1.68	1.84	1.91	1.62

Table 33 (cont.)

Average Effective Property Tax Rates, Existing Single Family Homes with FHA-Insured Mortgages, by State and Region, Selected Years 1966-87[1]

State and Region	1987	1987 Rank [High = 1; Low = 50][2]	1986	1985	1984	1983	1982	1981	1977	1971	1966
Rocky Mountain											
Colorado	0.93	29	1.09	0.97	0.98	0.95	1.01	1.01	1.80	2.45	2.20
Idaho	0.87	34	0.91	0.81	1.01	1.02	1.04	0.94	1.46	1.72	1.23
Montana	1.34	16	1.32	1.28	1.14	1.17	1.14	1.08	1.31	2.19	1.70
Utah	0.97	28	0.93	0.96	0.87	0.97	0.92	1.03	1.03	1.49	1.52
Wyoming	0.57	46[2]	0.57	NA	NA	0.45	0.48	0.47	0.87	1.38	1.34
Far West[3]											
California	1.05	23	1.06	1.08	1.02	1.05	1.03	1.04	2.21	2.48	2.03
Nevada	0.69	42	0.61	0.60	0.63	0.68	0.77	1.13	1.71	1.48	1.47
Oregon	2.26	2[2]	2.26	NA	2.22	2.27	2.06	1.56	2.25	2.33	1.98
Washington	1.10	21	1.10	1.14	1.01	1.03	1.01	0.95	1.75	1.62	1.14
Alaska	0.81	37	0.82	0.75	NA	NA	NA	NA	NA	1.61	1.42
Hawaii	0.51	47[2]	0.51	0.51	0.51	0.60	NA	0.36	NA	0.92	0.81

Note: These effective rates are for existing FHA-insured mortgages only, which represent varying percentages (by state) of total single-family homes. The United States average tax rate for 1986 (1.15) indicates that, on average, the property tax on a home with a market value of $100,000 would be $1,150.

NA—data not available.

[1] Effective tax rate is the percentage that tax liability is of the market value of the house.

[2] In cases where 1987 data were not available for a particular state, rankings were based on data for the most recent year for which data were available.

[3] Excludes Alaska and Hawaii.

Source: Computed by ACIR staff from data contained in U.S. Department of Housing and Urban Development, Housing-FHA, Management Information Systems Division, Single Family Insured Branch, *Data for States and Selected Areas on Characteristics of FHA Operations Under Section 203(b)*, various years.

Table 34

State General Property Tax Relief Strategies, 1988[1]

Region and State	State-Financed Circuit-Breakers				Homestead Exemptions			
	Eligible Taxpayers	Number of Beneficiaries	Income Ceiling	Average Benefit	Eligible Taxpayers	Number of Beneficiaries	Maximum Value of Exemption	Total Revenue Loss (000s)
New England								
Connecticut	EHR	27,241	$16,200	$391.03	D,DV	261,000	$1,000-$10,000 AV (DV)	NA
Maine	AHR[2]	21,608	6,600	242.63	B,V	35,783	40,000 AV (V), 4,000 (B)	$472 (V), 38 (B)
Massachusetts					AH,EV,LI	NA	20 Avg. AV (AH)	NA
New Hampshire					B,DV,E	NA	5,000 AV(E)	NA
Rhode Island	EHR	2,428	12,500	186.37				
Vermont	AHR	32,077	None	401.86	V	3,640	10,000AV	1,000
Mideast								
Delaware					E,LI	NA	Varies by County	NA
DC (Washington)	EHR	34,699	20,000	308.25	AH	105,000	22,000 AV	355
Maryland	AH,ER	94,634	(Net Worth, 200,000)	476.21	B,DV	NA	6,000 AV (B), total (DV)	NA
New Jersey					AH,D,DV,E	1,568,652	50% of tax (AH)	303,758
New York	AHR	504,568	18,000	88.11				
Pennsylvania	D,EHR	484,351	15,000	163.04	B,D,DV	NA	100% of tax	NA
Great Lakes								
Illinois	D,EHR	347,000	14,000	254.00	AH,E,V	2,900,000	3,500 AV(AH)	398,000
Indiana					AH,DV,LIE	NA	4% of tax (AH)	26,000
Michigan	AHR	1,356,500	82,650	406.27	DV	NA	Total	NA
Ohio	D,EH	301,819	15,000	166.49				
Wisconsin	AHR	259,814	16,500	393.00				
Plains								
Iowa	DHR,EHR	46,500	12,000	205.00	AH,DV	NA	4,850 AV	93,200
Kansas	B,D,EHR	46,930	12,800	157.40				
Minnesota	AHR	546,000	35,000	292.00	AH	1,068,090	54% of gross tax up to $700	598,000
Missouri	EHR	55,282	13,000	219.60				
Nebraska					D,DV,EH	56,404	35,000AV	31,102
North Dakota	DHR,EHR	9,418	12,000	230.94	D,E	NA	22,222 AV	NA
South Dakota	DHR,EHR	3,274	4,625	97.10				
Southeast								
Alabama						NA	4,000 AV (AH)	NA
Arkansas	EH	36,349	12,000	118.30				
Florida					AH	2,657,555	25,000 AV	1,151,132
Georgia					AH,LIE,V	NA	2,000 AV	NA

Southeast *(cont.)*								
Kentucky					ED	NA	17,100 AV	8,421
Louisiana					AH	991,125	7,500 AV	376,204
Mississippi					AH,D,EH	534,164	6,000 AV	NA
North Carolina					DV,LIE,D	162,051	12,000 AV	15,471
South Carolina					B,D,DV,E	251,286	20,000 AV (ED)	26,108
Tennessee	DV,EDH	79,059	9,200	94.38				
Virginia					D,EH	NA	Local Option	NA
West Virginia	EHR	26	5,000	15.09	D,E	NA	20,000 AV	NA
Southwest								
Arizona	AR,EH	277,936	3,750	103.72				
New Mexico	EHR	24,928	16,000	117.86	AH,V	209,590	200 AV, 2,000 AV	4,600
Oklahoma	D,EH	4,373	10,000	110.80	AH,V	700,048	1,000 AV	53,572
Texas					AH,D,EH		20% AV	780,000
Rocky Mountain								
Colorado	DHR,EHR	42,590	7,500	348.03	LIED	NA	Total	NA
Idaho	D,EH	19,727	13,300	211.11	AH	NA	50% AV or $50,000	NA
Montana	EHR	13,988	none	214.00	DV,LI	NA	80,000 (LI), total (DV)	1,076
Utah	EHR	8,286	10,000	110.19	B	1,094	11,500 AV	195
Wyoming	D,EHR	9,557	10,000	574.05				
Far West								
California	EHR	264,095	12,000	110.00	AH,DV	4,500,000 (AH)	7,000 AV (AH)	3,898,000
Nevada	EHR	10,217	15,100	116.00	B,DV,O,V,W		1,000 AV (W,O,V), 3000 AV (B), 10,000 AV (DV)	
Oregon	AHR	283,415	17,500	210.00	DV	NA	7,500 AV or 10,000 AV	
Washington					LIED	88,428	25,000 AV (Plus)	27,143
Alaska					EHR,W	7,280	150,000 AV (AH)	6,637
Hawaii	AR	77,848	20,000	53.58	AH,B,D,DV,E	NA	20,000 AV (AH)	NA

[1]For single persons

[2]A nonelderly credit was added to EHR beginning in 1988.

Key:

AHR—all homeowners and renters
AH—all homeowners
AR—all renters
B—blind
D—disabled homeowners
DV—disabled veterans
DHR—disabled homeowners and renters
EH—elderly homeowners
EHR—elderly homeowners and renters
ER—elderly renters
LI—low income
LIE—low income elderly
LIED—low income elderly disabled
O—orphans
V—veteran homesteaders
W—widows or widowers
AV—assessed value
NA—not available

Source: ACIR staff compilations based on survey responses from state departments of revenue and on Tables 35 and 36 on the following pages.

Table 35

Key Features of State Circuit-Breaker Property Tax Relief Programs, 1988[1]

State	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita cost) [total cost in $000s]
Arizona 1987	1973 Revised: 1977, 1981, 1984	Homeowners 65 and over, (28,806)	$3,750/single $5,500/married (excludes Social Security income)	Maximum tax credit is $478 (indexed annually) for single taxpayers earning less than $1,750 and married taxpayers earning less than $2,500. Minimum tax credit is $53 with an income ceiling of $3,750 for single and $5,500 for married taxpayers. Social Security payments are exempted from income limits.	State income tax credit or rebate	$209.84 ($1.74) [$6,044]
		Renters (249,130)	None	Tax credit allowed on 5% of rent. Maximum credit $100.		$91.45 ($6.55) [$22,800]
Arkansas 1987	1973 Revised: 1975, 1983, 1987	Homeowners 65 and over, widows 62 and over (36,349)	$12,000 (WWI veterans and widows exclude all Social Security and retirement income)	Relief based on amount that property taxes exceed various percentages of household income, based on income size. Maximum relief ranges from $250 if income is $7,000 or less to $50 if income is between $11,000 and $12,000.	State rebate	$118.30 ($1.81) [$4,300]
California 1986	1967 Revised: 1971, 1973, 1977, 1978, 1979	Homeowners and renters 62 and over, totally disabled, or blind; Homeowners (57,254) Renters (206,841)	$12,000 total household income; $20,000 gross household income	Homeowner relief ranges from 96% of tax payment on first $34,000 of full value if net household income is not over $3,000 to 4% of tax payment if net household income is not over $12,000. Renter relief is based on household income and a statutory property tax equivalent of $250. Relief also ranges from 96% of the property tax equivalent to 4% of property tax equivalent for same income brackets as homeowners.	State rebate	Homeowners $ 99.00 ($.19) [$5,100] Renters $116.00 ($.89) [$23,900]
Colorado FY 1987-88	1971 Revised: 1972, 1973, 1974, 1975, 1977, 1978, 1980	Homeowners and renters 65 and over, disabled or surviving spouse 58 and over (42,590)	$7,500/single $11,200/married	Relief cannot exceed $500 and is equal to $500 reduced by 20% of income over $5,000 for individuals and 20% of income over $8,700 for married couples. Heating assistance relief cannot exceed $160 and is based on the same income and percentage levels stated above. (20% of rent equals tax equivalent)	State income tax credit or rebate	$348.03 ($4.53) [$14,823]
Connecticut* FY 1987	1974 Revised: 1980, 1981, 1984, 1985	Homeowners and renters 65 and over, surviving spouse 50 and over, and totally disabled; Homeowners (6,555) Renters (20,686)	$16,200/single $20,000/married	Homeowners: Provides for a property tax reduction based on a graduated percentage of the real property tax, with a maximum benefit of $1,250 for a married couple, $1,000 for an unmarried individual. Renters: Expenses exceeding 5% of income. Maximum benefit ranges up to $900 for a married couple and $700 for an unmarried individual. (35% of rent and utilities equals tax equivalent)	Reduction in tax bill or state rebate	Homeowners $361.00 ($0.74) [$2,366] Renters $400.57 ($2.60) [$8,286]

DC (Washington) 1986	1974 Revised: 1977	Nonelderly homeowners and renters (18,654)	$20,000	Relief takes the form of a variable credit ranging from 95% of tax in excess of 1.5% of income for incomes less than $3,000 to 75% of tax in excess of 4% of income for incomes between $15,000 and $20,000. Maximum credit $750. (15% of rent equals tax equivalent)	Income tax credit	$249.00 ($7.41) [$4,641]
		Elderly, blind or disabled homeowners and renters (16,045)	$20,000	Credit is based on amount of property tax paid in excess of various percentages of household gross income. Credit ranges from taxes paid in excess of 1% of gross household income if income is under $5,000 to taxes paid in excess of 2.5% of income for incomes between $15,000 and $20,000. Maximum credit is $750. (15% of rent equals tax equivalent)	Income tax credit	$377.00 ($ 9.16) [$6,055]
Hawaii 1985	1977 Revised: 1981	All renters (77,848)	$20,000	Taxpayers with AGI under $20,000 who have paid more than $1,000 in rent qualify for a tax credit or refund of $50 per qualified exemption. Taxpayers 65 and over may claim double tax credits.	Income tax credit	$53.58 ($3.97) [$4,171]
Idaho 1988	1974 Revised: 1976, 1978, 1980, 1982	Homeowners age 65 and over, widows, former POWs, blind, disabled, fatherless children under 18 (19,727)	$13,300 (exclude capital gains income)	Relief ranges from lesser of $400 or actual taxes for those with incomes $5,350 or less, to the lesser of $50 or taxes for those with incomes less than $13,300. Brackets adjusted annually with COLA based on Social Security increase.	Reduction of tax bill	$211.11 ($4.16) [$4,164]
Illinois FY 1988	1972 Revised: 1974, 1975, 1977, 1981, 1982, 1984	Homeowners and renters 65 and over or disabled (347,000)	$14,000	Relief based on amount by which property tax (or rent equivalent) exceeds 3.5% of household income. Relief limit is $700 less 4.5% of household income. An additional grant is provided regardless of the amount of property tax or rent payments. The additional grant is $80. (30% of rent equals tax equivalent)	State rebate	$254.00 ($7.64) [$88,138]
Iowa 1987	1973 Revised: 1975, 1977-81, 1983	Homeowners and renters 65 and over, surviving spouse 55 or older, and totally disabled (46,[illegible]3)	$12,000	Relief ranges from 100% of property tax for incomes below $5,000 to 25% for incomes $10,000 to $12,000. Property taxes are limited to $1,000 for calculating relief. (In addition, all homeowners receive a state-financed homestead tax exemption of $4,850. However, homestead assistance must be deducted from elderly credit program.) (25% of rent equals tax equivalent)	State-funded credit against taxes at the local level; renters receive reimbursement from state.	$205.00 ($3.29) [$9,550]
Kansas 1987	1970 Revised: 1972, 1973, 1975, 1978, 1983	Homeowners and renters 55 and over, disabled, blind having a dependent or child under 18. (46,930)	Effective ceiling is $12,800. No refunds of less than $5.	Relief is dependent on income level with various percentages of income plus a statutory dollar amount subtracted from property tax to determine refund. Ranges from 0% for incomes below $3,000 to 4.5% for incomes above $7,000 Property taxes are limited to $400 for calculating relief. (15% of rent equals tax equivalent)	State rebate	$157.40 ($3.02) [$7,387]

Table 35 (cont.)

Key Features of State Circuit-Breaker Property Tax Relief Programs, 1988[1]

State	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita cost) [total cost in $000s]
Maine FY 1987	1971 Revised: 1973, 1974, 1977, 1981, 1985	Homeowners and renters 62 and over, disabled surviving spouse 55 and over (21,608)	$6,600/single $7,900/married (gift, inheritance and life insurance exempt.)	Relief equal to amount of tax up to $400 (25% of rent equals tax equivalent)	State rebate	$242.63 ($4.37) [$5,243]
Maryland FY 1988	1975 Revised: 1977, 1981, 1983, 1985, 1986	All homeowners (84,407) Renters age 60 and over or disabled (10,227)	None (net worth $200,000)	Homeowners relief, not to exceed $1,500, equals property tax exceeding sum of graduated percentage of income ranging from 0% of first $4,000 of household income to 9% of income over $16,000. Renters' relief, not to exceed $500, equals amount by which 15% of individual rent exceeds the same graduated percentage of income as homeowners relief.	Homeowners: Credit against property tax bill Renters: direct payment	$503.42 ($9.52) [$42,492] $244.00 ($.56) [$2,573]
Michigan 1986	1973 Revised: 1975, 1982	All homeowners and renters (1,356,500)	$82,650	Credit equals 60% of property taxes in excess of 3.5% of income (100% of a lower percentage of income for elderly). Maximum relief is $1,200. The credit is reduced 10% for each $1,000 of household income above $73,650. (17% of rent equals tax equivalent)	State income tax credit or rebate	$406.27 ($60.30) [$551,000]
Minnesota FY 1987	1967 Revised Periodically: 1973-87	All homeowners and renters (546,000)	$35,000	Tax exceeding various percentages of income is refunded up to a $1,100 maximum. Seniors and filers with dependents receive a more generous benefit schedule. The refund is reduced by the amount of homestead credit. For 1988, 75% of the tax increase of 10% up to a maximum of $250.	State refund	$292.00 ($38.06) [$159,432]
Missouri 1988	1973 Revised: 1975, 1977, 1979, 1983, 1985, 1988	Homeowners and renters 65 and over (55,282)	$13,000/single $13,500/married	For incomes not over $4,300 the credit is equal to actual property tax or rent equivalent paid up to $750. For incomes between $4,300 and $13,000, tax exceeding various percentages range from 1/2% accumulative per $200 from 0% to 2%; 1/4% accumulative per $200 from 2% to 4%. Maximum relief, $700. The $4,300 minimum base will be increased 5% annually or by the cost-of-living increase received by state employees. (20% of rent equals tax equivalent)	State income tax credit or rebate	$219.60 ($2.40) [$12,140]

Montana 1986	1981 Revised: 1983, 1987	Homeowners and renters 62 and over (13,988)	None	Credit is based on a percentage ranging from .006-.05 multiplied by household income and then subtracted from property tax liability or rent equivalent. Household income means $0 or amount obtained by subtracting $4,000 from gross household income. Maximum credit is $400. (15% of rent equals tax equivalent)	Income tax credit	$214.00 ($3.66) [$2,990]
Nevada 1986	1973 Revised: 1975, 1977, 1979, 1981, 1983	Homeowners and renters 62 and over (10,217)	$15,100* (excludes income of certain gifts of $300 or less and up to $5,000 of life insurance)	Relief ranges from 90% of property tax for incomes less than $5,400 to 10% for incomes between $13,001 and $15,100. Maximum relief is $500 (6% of rent equals tax equivalent).	State rebate	$116.00 ($1.23) [$1,188]
New Mexico 1986	1977 Revised: 1981	Homeowners and renters 65 and over (24,928)	$16,000	The amount of credit allowed is based on a schedule for various modified gross income classes. The credit is the difference between actual property tax liability and this maximum amount, not to exceed $250. The maximum liability ranges from $20 for MGI of $1,000 or less to $180 for MGI of $15,000 to $16,000.	State income tax rebate	$118.09 ($1.93) [$2,944]
New York 1986	1978 Revised: 1981, 1982, 1985	All homeowners and renters (504,568)	$18,000	Relief is equal to 50% of the difference between real property tax and a certain percentage of income. The percentage of income ranges from 3.5% for taxpayers 65 and over with $3,000 or less to 6.5% for taxpayers (all ages) with income over $14,000 but not over $18,000. The maximum credit ranges from $375 for taxpayers 65 and over with income of $1,000 or less to $41 for taxpayers under 65 with income over $17,000 but not over $18,000. (25% of rent equals tax equivalent)	State income tax credit or rebate	$88.11 ($2.50) [$44,457]
North Dakota* FY 1988	1969 Revised: 1973, 1975, 1977, 1979, 1981, 1983, 1985	Homeowners age 65 and over or disabled (7,540)	$12,000	For persons with income under $6,000, the taxable value of the homestead is reduced 100% (maximum reduction, $2,000). For persons with incomes between $6,000 and $12,000 the reduction in taxable value varies. Relief ranges from an 80% reduction for income between $6,000 and $7,500 with a maximum reduction of $1,600 to a 20% reduction for incomes between $10,500 and $12,000 with a maximum reduction of $400.	Reduction of tax bill	$266.83 ($3.09) [$2,012]
		Renters 65 and over or disabled (1,878)	$12,000	Property tax in excess of 4% of income is refunded. Maximum relief is $210. (20% of rent equals tax equivalent)	State rebate	$86.84 ($.25) [$163]
Ohio* 1986	1971 Revised: 1972, 1973, 1975, 1977, 1979, 1988	Homeowners 65 and over or disabled (301,819)	$16,500 (excludes income from military disability and some social security)	Benefits range from reduction of 75% or $5,000 assessed value (whichever is less) for incomes below $5,000 to 25% or $1,000 for incomes between $10,000 and $16,500.	Reduction of tax bill	$166.49 ($4.67) [$50,250]

Table 35 (cont.)

Key Features of State Circuit-Breaker Property Tax Relief Programs, 1988[1]

State	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita cost) [total cost in $000s]
Oklahoma* 1988	1974 Revised: 1979, 1980, 1984	Homeowners 65 and over or disabled (4,373)	$10,000	Relief equal to property taxes due in excess of 1% of household income, not to exceed $200. In addition, homeowners with household incomes of $10,000 or less receive a double homestead exemption ($2,000).	State income tax credit or rebate	$110.80 ($.15) [$480]
Oregon 1987	1971 Revised: 1973, 1977, 1979, 1985, 1986	All homeowners and renters; HARRP (283,415)	$17,500 (allows adjustments listed on lines 25-29 on Form 1040 and excludes home medical care benefits)	Homeowners and Renters Relief Program (HARRP) Refund of all property taxes up to various maximums that depend on income. For homeowners, these maximums range from $750 if household income is under $500, to $18 if household income is $17,000 to $17,499. For renters, maximums range from $375 if household income is under $500 to $18 if household income is $17,000 to $ 17,499. (17% of rent equals tax equivalent.)*	State rebate	$210.00 ($.22) [$59,536]
Pennsylvania 1986	1971 Revised: 1973, 1979, 1981, 1985	Homeowners and renters 65 and over or disabled 18 and over, widows and widowers 50 and over (484,351)	$15,000 (Excludes income from some gifts and life insurance death benefits under $5,000)	Relief ranges from 100% of tax for incomes less than $5,500 (maximum relief, $500) to 10% of tax for incomes greater than $13,000. (20% of rent equals tax equivalent)	State rebate	$255.26 ($10.40) [$123,637]
		(483,444)		Eligible recipients also receive an inflation dividend ranging from $125 for claimants with household income less than $5,000 to $20 for claimants with household income between $13,000 and $15,000.		$70.64 ($2.88) [$34,152]
Rhode Island 1987	1977	Homeowners and renters 65 and over (2,428)	$12,500	The credit equals the amount by which property taxes paid exceed various percentages of household income. A table is provided based on income and household size. The credit ranges from taxes paid in excess of 3% of household income for taxpayers with income of less than $4,000 to taxes paid in excess of 6% of household income for two or more person households with income between $11,001 and $12,500. The maximum credit or rebate is $200. (20% of rent equals tax equivalent.)	State income tax credit	$186.37 ($.46) [$453]

South Dakota* FY 1988	1976 Revised: 1978, 1982	Homeowners and renters 65 and over, disabled homeowners and renters (3,274)	$4,625 (single member household) $7,375 (multimember household)	Refund is based on a percentage of real estate tax according to income. For single-member households the percentage refunded ranges from 35% of tax if household income is less than $2,750 to 19% if income is between $4,501 and $4,625. For multimember households, refunds range from 55% of tax if income is less than $5,500 to 25% if income is between $7,251 and $ 7,375	State rebate	$97.10 ($.45) [$317,905]
Tennessee* FY 1988	1973 Revised: 1974, 1976, 1978-81, 1983, 1984, 1985	Elderly and disabled homeowners; certain disabled veteran homeowners and their surviving spouses. (79,059)	Elderly and disabled $9,200; disabled veterans and their surviving spouses NA	Eligible elderly and disabled homeowners are reimbursed for taxes paid on the first $12,000 of full market value. Eligible disabled veterans and their surviving spouses are reimbursed for taxes paid on the first $120,000 of full market value.	State rebate	$69.23 ($1.55) [$7,451]
Utah 1987	1977	Homeowners and renters 65 and over and widowed persons. (8,286)	$10,000	The rebate ranges from $300 for incomes under $3,000 to $25 for incomes between $9,000 to $10,000.	State rebate	($110.19) ($.54) [$913]
		Homeowners 65 and over, disabled or hardship cases (7,240)	$10,000	Maximum credit is applied first; remaining tax liability can be reduced by indigent abatement of one-half of remaining tax up to $300. Income limit on abatement is $10,000.	Credit to taxes levied	$163.92 ($.71) [$1,187]
Vermont 1987	1969 Revised: 1971, 1973, 1983, 1985	All homeowners and renters (full-year residents) (32,077)	None	Refund of taxes exceeding variable percentage of income ranging from 3.5% for incomes less than $4,000 to 5% for incomes of $12,000 or more. (24% of rent equals tax equivalent)	State rebate (or income tax credit for elderly)	$401.86 ($23.82) [$12,890]
West Virginia 1987	1972	Homeowners and renters age 65 and over (26)	$5,000	Relief ranges from 30-75% of taxes exceeding a given percentage of income. These percentages range from 0.5% to 4.5%, with graduated income brackets ranging from 0-$499 to $4,950-$5,000, including any public assistance or private disability benefits. (12% of rent equals tax equivalent; not more than $125 considered for relief)	State rebate	$15.09 NA [$0.392]
Wisconsin FY 1988	1964 Revised: 1971, 1973, 1977, 1979, 1981, 1983, 1984	All homeowners and renters (259,814)	$16,500	If household income was more than $7,600, excess taxes are taxes above 13.483% of income exceeding $7,600. Tax credit equals 80% of excess tax. If household income was $7,600 or less, credit equals 80% of total tax. In all cases, aidable property taxes cannot exceed $1,200. (25% of rent equals tax equivalent; 20% if landlord pays heat bill)	State income tax credit or rebate	$399.00 ($21.41) [$103,829]
Wyoming FY 1987	1975 Revised: 1977-82, 1984	All taxpayers over 65 and totally disabled (9,957)	$10,000/single $14,000/married	Rebate for sales and property taxes. Rebate based on income level with $630 maximum for singles and $723 maximum for married.	State rebate	$547.05 ($10.74) [$5,447]

[1]The number of beneficiaries and cost data are for the time period indicated below the state name.

Table 35 (cont.)

Key Features of State Circuit-Breaker Property Tax Relief Programs, 1988

*Individual State Notes

CT Numerical data (e.g., number of beneficiaries) refers to FY 1987; however, the description of the program and income ceilings refer to current 1988 law. Municipalities may grant elderly additional tax relief if total (state and municipal) tax relief does not exceed 100% of the tax otherwise due.

DE There is a circuit-breaker program at the local level.

HI The low-income renters credit does not apply to renters in public subsidized housing.

IN In 1980, the circuit breaker was revised to the Unified Tax Credit for the elderly, which enables all senior citizens, regardless of whether they are homeowners to qualify for the credit if their income is below $10,000. The state also offers a renters program for all renters, which provides for a maximum $1,500 deduction on state income taxes.

NV Claimants may not own Nevada realty, other than their own home, assessed at over $30,000.

OH Numerical data (e.g., number of beneficiaries) refers to 1986; however, the description of the program and income ceilings refer to current 1988 law.

OK The new income ceiling of $10,000 becomes effective January 1, 1989.

OR Low-income senior citizens (age 58 and over with income under $5,000) are provided optional rental and utility assistance.

ND State has separate program that lowers the taxable value for low-income elderly homeowners by as much as $2,000. In determining a person's income for eligibility, the amount of medical expenses incurred and not compensated shall be deducted.

SD The number of beneficiaries, average benefits, and cost data are for property or sales tax refunds to the elderly or disabled. Age and income requirements are the same for both programs. Applicants can receive either a property or a sales tax refund. The Department of Revenue processes the claims for both programs and refunds whichever is to the applicant's advantage.

TN Certain individuals receive relief from two sources, producing 107,790 claims.

Note: Circuit-breaker property tax relief programs for homeowners and renters are generally defined as state-funded programs that target property tax relief to selected income groups or senior citizens and take the form of a state income tax credit, a direct payment to qualified individuals, or a state payment to the local government that lost tax revenue. Homestead exemptions can be state or locally financed and operate by subtracting a given dollar amount from assessed valuation before computing the tax liability and are often available to all homeowners (or just senior citizen homeowners) regardless of income levels. A hybrid cross between circuit breakers and homestead exemptions is used by the state of Washington which allows senior citizens and disabled homeowners with incomes less than $9,000 to receive a valuation exemption of $25,000 or 50%, whichever is more. Taxpayers with incomes between $9,000 to $12,000 receive an exemption of $20,000, or 30% of total value of residence up to a maximum of $40,000 exempted. All special excess property tax levies are also exempted. Unlike the typical state circuit-breaker programs, this program is locally financed.

NA—not available.

Source: ACIR staff compilation based on survey responses from state departments of revenue, and Commerce Clearing House.

Table 36

State Property Tax Homestead Exemptions and Credits, 1988

State[1]	Eligible Homesteaders and (Number Receiving Exemption)	Maximum Value of Exemption and (Average Benefit)	Total Revenue Loss from Program	State Reimbursement of Local Government and (Cost)
Alabama*	All Elderly, blind, and disabled with AGI under $12,000. (NA)	$4,000 AV on state taxes, $2,000 AV on county taxes. Total exemption from state taxes, $5,000 AV on local taxes.	NA	None
Alaska* 1987	Homeowners 65 and over, widows or widowers 60 and over or disabled veterans (6,569) Renters with identical characteristics as homeowners. (711)	$150,000 AV ($963) See note ($439)	$6.3 million $311,600	($2,770,300) ($311,600)
Arizona	Veterans, widows, widowers, disabled*			
Arkansas	Veterans, elederly, widows*			
California PTY 1988-89	All (4,500,000) Disabled veterans and dependents (9,000)	$7,000 of full cash value if owner-occupied principal residence $100,000 AV	$350.7 million $4.9 million	Full ($350.7 million) None
Colorado*	Low-income elderly and disabled	Total exemption		
Connecticut*	Disabled Disabled veterans and dependents (NA)	Required minimum levels by state law $1,000 AV $1,500—$10,000 depending on disability	NA	Partial ($6.5 million)
Delaware	Elderly owner-occupants with income less than $3,000 (NA)	Kent County—$18,000 AV New Castle County—$32,000 AV Sussex County—$12,000 AV	NA	NA
DC (Washington)	All owner-occupants with not more than 5 dwelling units	$22,000 AV (NA)	$355,000	NA
Florida 1987	All (2,657,555)	$25,000 AV Up to value of $500. Total exemption for some disabled	$1.2 million	None
Georgia	All Elderly with income less than $10,000 Disabled veterans and dependents (NA)	$2,000 AV $4,000 AV, $10,000 AV on local education assessment $32,000 AV		None

Table 36 (cont.)

State Property Tax Homestead Exemptions and Credits, 1988[1]

State[1]	Eligible Homesteaders and (Number Receiving Exemption)	Maximum Value of Exemption and (Average Benefit)	Total Revenue Loss from Program	State Reimbursement of Local Government and (Cost)
Hawaii	All Elderly Blind, disabled, and Hansen's disease sufferers Disabled veterans and dependents (NA)	$20,000 AV on owner-occupied principal home Aged 60-70: $40,000 AV, Aged 70+ $50,000 AV $25,000 Total exemption if owner-occupied	NA	None (local option)
Idaho*	All owner-occupied structures (NA)	$50,000 AV or 50% AV, whichever is less	None	None
Illinois FY 1988	All owner-occupied residences Elderly owner-occupants Disabled veterans with specially adapted housing Total (2,900,000)	$3,500 AV $2,000 AV $47,500 AV $30,000 AV Homestead improvement—up to $30,000 increase in AV caused by new improvement for 4-year period	$398 million	None
Indiana	All (principal residence and 1 acre surrounding) Mortgage or contract buyers Elderly with AGI less than $10,000 and real property AV less than $11,000 Blind or disabled with taxable gross income less than $8,500 Veterans (NA)	Credit of 4% of property tax liability ($26 million) Lesser of 1) balance of mortgage or contract indebtedness, 2) 1/2 total AV, or 3) $1,000 $1,000 AV $2,000 AV $1,000-4,000 AV	For homestead credit	($26 million)
Iowa FY 1988	All Disabled veterans with income less than $10,000 (NA)	$4,850 of actual value; minimum credit of $62.50 Full exemption Average benefit $125	93.2 million	Full
Kentucky* 1987	Elderly and disabled (NA)	$17,100 AV*	$8.421 million	Full
Louisiana* 1987	All homesteads not exceeding 160 acres (991,125)	$7,500 AV	$376.2 million	Parish to parish formula based 80% on population, 20% on number of homesteads. ($90 million)
Maine 1987	Estates of veterans age 62 or 100% disabled and their dependents (35,133) Blind (650)	WWI veterans $6,000 AV, Paraplegics $40,000 AV, other vets $4,000 AV Blind $4,000 AV	$471,520 $37, 986	50% of property tax revenue loss ($235,760) None

Maryland	Blind 100% permanently disabled veterans (NA)	$6,000 AV Total exemption		Partial
Massachusetts*	All	With city or town approval, 20% of average AV deducted on principal residence	NA	Partial
	Elderly (over age 70) owner-occupants with home value less than $20,000 ($40,000 for local exemptions by cities and towns) and surviving spouses and minors (21,700)	$2,000 in value or $175 in taxes, whichever is greater		($4.2 million)
	Certain veterans, disabled veterans, and dependents (62,397)	$2,000-10,000 or $175-875 in taxes, whichever is greater (depending on disability); Paraplegic veterans or surviving spouses receive a total exemption		($13.2 million)
	Blind (4,489)	$5,000 in value or $437.50 ($500 if locally approved) in taxes, whichever is greater		($2.2 million)
	Surviving spouses and minors of a policeman or fire fighter killed in the line of duty (208)	Total exemption		(130,856)
	Additional for certain elderly (32,427)	Maximum $350		($17.3 million)
	Paralegics (319)	Full		($572,847)
	Hardship (2,561)	Based on assessors judjment		(994,75()
Michigan	Disabled veterans with specially adapted housing	Total exemption	NA	None
Minnesota* 1987	All (1,068,090)	Homestead credit of 54% of gross tax up to $700 ($760 in 1989) for first $68,000 of AV ($559.90)	$598 million	Full ($598 million)
Mississippi 1987	All (534,164)	$6,000 AV—Exemption based on sliding scale amount equal to approximately 40 mills times total AV not to exceed $240	$98.2 million	$64 million
	Disabled and elderly homeowners	$6,000 AV		
Montana* 1986	Low income persons with AGI of not more than $10,000 single or $12,000 joint, and residences of totally disabled or deceased veterans with AGI not more than $15,000 single or $18,000 joint (NA)	$80,000 AV for low income individuals Total exemption for disabled veterans	$1.1 million	None
Nebraska 1987	Elderly homeowners	$7,000-35,000 actual value depending on income	$31.1 million	Full ($31.1 million) in 1987
	Disabled	Same as above		
	Veteran disabled by a nonservice connected accident or illness;	Same as above		
	Value of home substantially contributed to by the Veterans Administration	100% of actual value		
	All categories (56,404)	All categories ($551)		

Table 36 (cont.)

State Property Tax Homestead Exemptions and Credits, 1988[1]

State[1]	Eligible Homesteaders and (Number Receiving Exemption)	Maximum Value of Exemption and (Average Benefit)	Total Revenue Loss from Program	State Reimbursement of Local Government and (Cost)
Nevada 1986	Widows, orphans, veterans Blind Disabled veterans	$1,000 AV $3,000 AV $10,000 AV		
New Hampshire	Elderly (68 or over) with net assets less than $35,000 and net income less than $5,000 ($6,000 if married)* Blind Disabled veterans and dependents	$5,000 AV $15,000 in value $50-700 in taxes; total exemption for specially adapted homesteads	NA	None
New Jersey 1987	All Elderly, disabled, and surviving spouse All above categories (1,568,652) 100% permanently disabled veteran	Rebate up to 50% of net property tax otherwise due* Additional $50 rebate Total exemption	$304 million	Full ($304 million) None
New Mexico 1986	All heads of household (209,580) Veterans and unmarried surviving spouse (65,975)	$200 AV ($6.71) $2,000 AV ($67.17)	$1.4 million $3.2 million	None
New York	Elderly, veterans, disabled veterans*			
North Carolina FY 1987-88	Elderly and disabled owner-occupants with disposable income not exceeding $11,000 (162,051) Disabled veterans and dependents	$12,000 AV $95 Average benefit for homestead exemption does not include $34,000 exclusion $34,000 AV	$15.5 million	50% of revenue loss ($7.7 million)
North Dakota 1988	Other disabled*	$5,000-10,000 taxable value	NA	None
Oklahoma	All (700,048) Heads of household with gross income $10,000 or less (28,677)	$1,000 AV ($80) Additional $1,000 AV ($62)	$51.8 million $1.8 million	For low income homeowners ($647,543)
Oregon 1987	Disabled veterans or widows of veterans Service-connected disabled veterans or widows	$7,500 AV $10,000 AV		None
Pennsylvania*	Paraplegic, blind, amputee, or disabled veterans	Total exemption (NA)	NA	None

South Carolina	Elderly, blind, and disabled Paraplegics and disabled veterans All categories (251,286)	$20,000 fair market value Total exemption of dwelling house and lot (not to exceed 1 acre) All categories ($103.90)	$26.1 million	Full ($26.1 million)
Texas*	All, elderly, and disabled	School districts have a mandatory $5,000 homestead exemption. Local option 20% of appraised value (minimum $5,000) can be offered by any taxing unit. School districts have an additional mandatory $10,000 exemption to those 65 and over or disabled. Local option at least $3,000 to 65 and over or disabled can be offered by any local taxing unit.	School districts lost $780 million	None
Utah 1987	Blind or their unremarried surviving spouse or minor orphans (1,094)	$11,500 AV real and personal property	$195,000	None
Vermont	Veterans of American Wars and their widows Veterans with at least 50% disability and their dependents Veterans receiving war-time dependent and indemnity compensation, wartime death compensation or a pension for disability	$10,000 exemption value of owner-occupied real and personal property	NA	None
Virginia	Elderly or disabled owner-occupants with total combined income not exceeding $22,000 and combined net worth (excluding the value of the dwelling and 1 acre of land) not exceeding $75,000 (NA)	Counties, cities, and towns are authorized to provide deferrals or exemptions of realty taxes ($209)	NA	None (local option)
Washington 1987	Elderly (62 and over) and disabled with income restrictions (88,428)	Special levies: 100% exemption for households with income of $15,000 or less Regular levies: Income up to $9,000—1st $25,000 AV or 50% of total AV is exempt, whichever is more. Income $9,001-12,000—1st $20,000 AV or 30% of total AV up to maximum of $40,000 is exempt ($306)	$27.1 million	None
West Virginia	Elderly and disabled owner-occupants	First $20,000 AV		None
Wisconsin	None*			
Wyoming*	All homesteads with AV less than $5,850 but more than $3,900 AV under $13,900	Credit up to $590 Credit up to $1,400	$ 0 in FY 1988 because of funding statute clause	None

[1]The number of beneficiaries and cost data are for 1988 unless otherwise indicated below the state name.

AV—assessed value.
AGI—adjusted gross income.
Disabled—permanently and totally disabled unless otherwise noted.
Elderly—65 and over unless otherwise noted.
NA—not available.

Table 36 (cont.)

State Property Tax Homestead Exemptions and Credits, 1988[1]

This table records the exemptions from property tax provided to homesteaders, homeowners, and owners of residential property. Although variations exist, homestead exemptions generally operate by reducing by a certain amount (sometimes all) the assessed valuation of a homestead to which the property tax is applied. The exemption may be restricted, e.g., to certain classes of beneficiaries, owner-occupants, or those with income below specified limits. Tax deferral programs and exemptions for new construction or rehabilitation have not been included in the table.

***Individual State Notes**

AL: Exemptions allowed only on homesteads 160 acres or less. If AGI less than $7,500, total exemption from county ad valorem tax.

AK: Residents 65 or older, their widows 60 or older or disabled veterans who rent their homes are eligible for tax equivalent payments calculated by applying property tax equivalent percentage for each home rule or general law municipality levying a general property tax at the rate of 1% per mill to the annual rent charged.

AZ: Exemptions up to $1,800 on all property of veterans depend on total assessment; exemptions up to $1,800 for widows, widowers and disabled are allowed if household income is less than $8,400 ($12,000 with dependents).

CO: Low income is less than 150% of the limit prescribed for similar households who occupy nearby low-rent public housing operated by a local housing authority. Elderly is 62 and over.

CT: Municipalities may also allow veterans an additional exemption if income meets prescribed limits.

ID: All owner-occupied principal residents qualify.

KY: Amount is adjusted every two years for inflation. State law allows local taxing units to raise property tax rates to make up for lost revenue.

LA: Homestead exemption does not apply to municipal taxes except in Orleans Parish and to municipal taxes levied for school purposes.

MA: The value of each exemption will vary according to a variety of homeowner circumstances. With the exception of "hardship" cases (aged, infirm, and poverty stricken), persons are generally not eligible for multiple exemptions.

MN: Agricultural and non-agricultural homesteads and homesteads of the blind, disabled, or paraplegic vets also receive preferential classification ratios. Additional agricultural credit for farm homesteads reduced the gross tax of farm homestead property by 36% of first 320 acres excluding house, garage, and one acre; and 26% of gross tax on any acres over 320 acres. For five-year resident veterans with a Congressional Medal of Honor, the first $2,000 of their property tax is paid by the Commissioner of Revenue. The maximum amount of market value subject to the homestead credit is $68,000 for residential homestead property. Farm homestead property is not subject to market value maximum.

MT: In Montana:

Low income individuals receive a percentage reduction for real property taxes as follows:

The first $80,000 or less of the market value of real property is taxed at $3.86 multiplied by a percentage figure based on income as follows:

Income Single	Income Married	Percentage Multiplier
$0-1,000	$0-1,200	0%
$1,001-2,000	$1,201-2,400	10%
$2,001-3,000	$2,401-3,600	20%
$3,001-4,000	$3,601-4,800	30%
$4,001-5,000	$4,801-6,000	40%
$5,001-6,000	$6,001-7,200	50%
$6,001-7,000	$7,201-8,400	60%
$7,001-8,000	$8,401-9,600	70%
$8,001-9,000	$9,601-10,800	80%
$9,001-10,000	$10,801-12,000	90%

A second form of property relief is available to disabled veterans and their families. If deceased, the veteran must have been killed in active duty or died as a result of service disability. If living, the veteran must be rated 100% disabled and have an adjusted gross income of not more than $15,000 for a single person or $18,000 for a married couple. Real property in this case is exempt from taxation. (0% tax rate)

NH: Municipalities may adopt elderly homestead exemptions as follows:

	Plan I	Plan II
Age:		
65-75	$5,000 †	$10,000 †
75-80	10,000	15,000
80+	20,000	20,000
Income Limit:	7,000 ($9,000 if married)	10,000 ($12,000 if married)
Assets Limit:	$50,000	$30,000 (excluding homestead and land)

†Any town or city may adopt optional adjusted elderly exemptions of its own choosing which differ in the amount of the exemptions by vote.

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NJ: Rebate of $1.50 per $100 of equalized value, or two-thirds of equalized value, whichever is less. Plus 12.5% of the effective tax rate in the municipality wherein the rebate is claimed, multiplied by $10,000 of equalized value, whichever is less, up to 50% of net property tax otherwise due. Elderly, disabled, and surviving spouses with income less than $10,000 also receive $250 deduction from all real property taxes. Veterans, spouses of veterans, and spouses of servicemen receive $50 deduction on real or personal property. Both of these programs are funded by the state at a total cost of $63,624,268.

NY: Municipalities may grant exemptions to elderly with income beneath $12,025 up to 50% of AV on residential realty. Local government may increase the maximum annual income eligibility ceiling by up to an additional $3,000; however, each progressive $500 of income must be matched by a decrease in the percentage of assessed property value exempted. Veterans may exempt the lesser of 15% of AV or $12,000, if they served during wartime. In addition, those serving in combat zones may exempt the lesser of 25% or $8,000 and disabled veterans may exempt the lesser of 50% or $40,000. The nondisabled exemption applies for only 10 years.

ND: Disabled in wheelchair, blind owner-occupants, and owner-occupant disabled veterans with 50% disability or more and income $12,000 or less: $5,000 taxable value. Owner-occupant paraplegics with income $10,000 or less or those awarded specially adapted housing: $10,000 taxable value.

PA: Information not maintained at state level; each county assessment office keeps information on the amount of property qualifying for the disabled veterans exemption.

RI: Homestead exemption is entirely financed and administered at the local level.

TX: Percentage decreases to 20% in 1988. All homesteaders also receive a $3,000 exemption from market value for county farm-to-market roads/flood control tax purposes and $5,000 for school district purposes. Disabled veterans are allowed exemptions of from $1,500 - 3,000 in market value which may be applied to the homestead. School districts must freeze taxes on residential homesteads of those 65 and over.

WI: Every property taxpayer of a municipality receives a tax credit from the total amount of tax relief distributed to the municipality from the state in proportion that the value of property assessed to that taxpayer bears to the total assessed value of the municipality.

WY: Homestead exemption remains in Wyoming state law, but clause restricts funding to years when revenue is available.

Source: ACIR staff compilation based on surveys from state departments of revenue and Commerce Clearing House, *State Tax Guide*.

Table 37

Types of State Death Taxes, September 1988

Type of Tax	Number	States
"Pick-Up" Tax Only	25	Alabama, Alaska, Arizona, Arkansas, California, Colorado, DC (Washington), Florida, Georgia, Hawaii, Illinois, Maine, Minnesota, Missouri, Nevada (applies only to resident decedents), New Mexico, North Dakota, Oregon, Texas, Utah, Vermont, Virginia,[1] Washington, West Virginia, Wyoming.
Estate and "Pick-Up" Tax	9	Massachusetts, Michigan, Mississippi, New York, Ohio, Oklahoma, Rhode Island, (estate tax being phased out by 1/1/91), South Carolina, Virginia.
Inheritance and "Pick-Up" Tax	19	Connecticut, Delaware, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan,[1] Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Pennsylvania, South Dakota, Tennessee, Wisconsin (inheritance tax being phased out by 1/1/93).
States with Added Gift Tax	7	Delaware, Louisiana, New York, North Carolina, South Carolina (repealed effective 1/1/92), Tennessee, Wisconsin.

[1] Local estate tax additional. See Table 38.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter,* September 1988, and survey of state revenue officials (summer 1987).

General Description of Death, Gift and Inheritance Taxes

State governments as well as the federal government have estate and gift taxes. Estate taxes and gift taxes are, in most respects, the same tax; the major way that the taxes are distinguished from each other is the time at which the particular tax is paid. The significant difference is that gift taxes are paid on transfers (greater than $10,000 in a single year, $20,000 for a joint gift) made *while the donor is alive*; estate taxes are paid *after the donor's death*. Estate taxes are levied on the entire amount of a decedent's estate (less legal and accounting expenses incurred in settling the estate). Gift taxes are levied on the donor; gift taxes paid during the donor's lifetime are credited (dollar-for-dollar) against any estate taxes that may be due at the time of death.

State inheritance taxes are paid by the recipient of a bequest and are based on (1) the amount of the bequest and (2) the recipient's relationship to the decedent (generally, the closer the familial relationship, the lower the tax rate). The federal government does not have an inheritance tax although several of the states do.

Interaction of Federal and State Taxes

In order to understand state estate and gift taxes, one must first understand the workings of the federal estate and gift tax laws. Very briefly, no federal estate taxes are due if the total estate is less than $600,000. Rates from 37% to 55% apply to the amounts in excess of $600,000 (amounts exceeding $600,000 but less than $750,000 are taxed at the 37% rate; amounts in excess of $3 million are taxed at 55%). Gift taxes (less an annual exemption amount of $10,000 for each recipient) are based on the estate tax rate schedule; the total amount of gifts given in a lifetime is subtracted from the $600,000 exemption granted for the estate tax. In short, gift taxes would be due when a donor's lifetime gifts exceed $600,000; when such a donor dies, the $600,000 exemption does *not* apply to the estate tax because it has been "used up" by the provisions of the gift tax.[2]

The federal tax code permits the decedent's estate to recapture a dollar-for-dollar tax credit for *state* estate taxes paid up to certain amounts based on the total size of the estate (the so-called "pick-up" tax—see table below). All states have *at least* this "pick-up" tax; the federal government only receives tax amounts in excess of the "pick-up" tax. (In short, the state "pick-up" tax costs the decedent's estate nothing—if a state did not have a "pick up" tax, the same amount of money would flow to the federal treasury rather than the state treasury. For a list of the "pick-up" tax states, see above.)

Nine states have estate taxes that exceed the amount of the "pick-up" tax (see above).

Unlike the aforementioned nine states, 19 states tax the amount of the *bequest* (i.e., the inheritance) received by various relatives and other beneficiaries of the decedent rather than taxing the entire estate as a whole (see above).

In seven states, gift taxes apply to transfers occurring while the donor is alive. Like the federal gift tax, this tax could be generally viewed as an advanced payment of either the state estate tax or the inheritance tax (less any annual exemption amounts and less the lifetime exemption amounts of the state estate tax).

The Federal State Estate Tax Credit
(the so-called state "pick-up" tax)

Adjusted Taxable Estate	Federal Credit	Rate on Excess	Adjusted Taxable Estate	Federal Credit	Rate on Excess
$ 40,000	$ 0	0.8%	$ 2,540,000	$ 146,800	8.8%
90,000	400	1.6	3,040,000	190,800	9.6
140,000	1,200	2.4	3,540,000	238,800	10.4
240,000	3,600	3.2	4,040,000	290,800	11.2
440,000	10,000	4.0	5,040,000	402,800	12.0
640,000	18,000	4.8	6,040,000	522,800	12.8
840,000	27,600	5.6	7,040,000	650,800	13.6
1,040,000	38,800	6.4	8,040,000	786,800	14.4
1,540,000	70,800	7.2	9,040,000	930,800	15.2
2,040,000	106,800	8.0	10,040,000	1,082,800	16.0

[2] This is a greatly simplified explanation of the federal estate and gift tax that reflects the *net effect* of the unified credit and state tax credits.

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Table 38

State Estate Tax Rates and Exemptions, September 1988

State	Taxable Estate Over	Taxable Estate But Not Over	Rate in Percent	Considerations
Massachusetts				
	0	50,000	5.0	if estate:
	50,000	100,000	7.0	< = $200,000 there is no tax liability
	100,000	200,000	9.0	> $200,000 there is a credit of either the lesser of: Massachusetts estate
	200,000	400,000	10.0	tax liability or $1,500
	400,000	600,000	11.0	
	600,000	800,000	12.0	
	800,000	1,000,000	13.0	
	1,000,000	2,000,000	14.0	
	2,000,000	4,000,000	15.0	
	4,000,000		16.0	
Michigan				
	Federal Pickup Tax			Counties collect an additional 0.5% of the federal estate tax paid
Mississippi				
	0	100,000	1.7	Exemption: property up to the value of $400,000 ($500,000 effective October 1, 1989)
	100,000	200,000	3.4	Rates will change for decedents dying on or after October 1, 1989, through September 30, 1990
	200,000	400,000	5.2	
	400,000	600,000	6.6	
	600,000	800,000	8.0	
	800,000	1,000,000	9.7	
	1,000,000	1,500,000	11.4	
	1,500,000	2,000,000	12.7	
	2,000,000	2,500,000	14.0	
	2,500,000	3,000,000	15.3	
	3,000,000	3,500,000	16.7	
	3,500,000		18.4	
New York				
	0	50,000	2.0	New York follows federal guidelines for deductions including unlimited marital deductions as of 1/1/84
	50,000	150,000	3.0	
	150,000	300,000	4.0	Credits:
	300,000	500,000	5.0	if tax < = $2,750, credit equals full amount of tax
	500,000	700,000	6.0	$2,750 < tax < $5,000 credit = $5,500 tax
	700,000	900,000	7.0	> $5,000; credit = $500
	900,000	1,100,000	8.0	No tax liability for estates of $108,333.33 or less
	1,100,000	1,600,000	9.0	
	1,600,000	2,100,000	10.0	
	2,100,000	2,600,000	11.0	
	2,600,000	3,100,000	12.0	
	3,100,000	3,600,000	13.0	
	3,600,000	4,100,000	14.0	
	4,100,000	5,100,000	15.0	
	5,100,000	6,100,000	16.0	
	6,100,000	7,100,000	17.0	
	7,100,000	8,100,000	18.0	
	8,100,000	9,100,000	19.0	
	9,100,000	10,100,000	20.0	
	10,100,000		21.0	
Ohio				
	0	40,000	2.0	Tax credit of the lesser of $500 or the amount of the tax
	40,000	100,000	3.0	(No tax liability for estates < $25,000 because of this credit)
	100,000	200,000	4.0	Gross estate includes gifts made within three years of the death
	200,000	300,000	5.0	Marital deduction is the lesser of:
	300,000	500,000	6.0	(a) the federal marital deduction or
	500,000		7.0	(b) $500,000 or the 1/2 adjusted gross estate
Oklahoma				
			A B	Class A = Parent, child (step, adopted), and other lineal descendants
	0	10,000	.5 1.0	Class B = all others
	10,000	20,000	1.0 2.0	
	20,000	40,000	1.5 3.0	Property passing to the spouse is exempt
	40,000	60,000	2.0 4.0	A total exemption of $175,000 may be divided among lineal heirs
	60,000	100,000	2.5 5.0	Gifts made within three years are included in the estate
	100,000	250,000	3.0 6.0	If estate does not exceed $100 it is exempt

Table 38 (cont.)

State Estate Tax Rates and Exemptions, September 1988

State	Taxable Estate Over	Taxable Estate But Not Over	Rate in Percent		Considerations
Oklahoma *(cont.)*			A	B	
	250,000	500,000	6.5	13.0	
	500,000	750,000	7.0	14.0	
	750,000	1,000,000	7.5	14.0	
	1,000,000	3,000,000	8.0	15.0	
	3,000,000	5,000,000	8.5	15.0	
	5,000,000	10,000,000	9.0	15.0	
		10,000,000	10.0	15.0	
Rhode Island					
	0	25,000		2.0	Spouse exemption = $175,000
	25,000	50,000		3.0	Orphan child exemption $50,000 x number of years (age of child from 21)
	50,000	100,000		4.0	Exemption: $25,000
	100,000	250,000		5.0	Civil and military services annuity payments are exempt
	250,000	500,000		6.0	Gifts made within two years of death are included in the estate
	500,000	750,000		7.0	
	750,000	1,000,000		8.0	
	1,000,000			9.0	
					Phase out of estate tax:
					(Federal credit or Rhode Island tax whichever is greater)
		additional tax			deaths occurring during:
	250,000	300,000		1.4	1987 pay 80% of tax
	300,000	500,000		2.2	1988 60%
	500,000	700,000		3.0	1989 40%
	700,000	900,000		3.8	1990 20%
	900,000	1,000,000		4.6	after 1990 estates are subject to a pick-up tax only
	1,000,000	1,500,000		5.24	The intention of the additional tax is to pick up the federal credit
	1,500,000	2,000,000		6.04	
	2,000,000	2,500,000		6.84	
	2,500,000	3,000,000		7.64	
	3,000,000	3,500,000		8.44	
	3,500,000	4,000,000		9.24	
	4,000,000	5,000,000		10.12	
	5,000,000	6,000,000		10.92	
	6,000,000	7,000,000		11.72	
	7,000,000	8,000,000		12.52	
	8,000,000	9,000,000		13.32	
	9,000,000	10,000,000		14.12	
	10,000,000			14.92	
South Carolina					
	0	40,000		6	Deductions and exemptions are the same as the federal code.
	40,000	100,000		7	In addition there are the following exemptions:
	100,000			8	until 6/30/88 $120,000
					7/1/88-6/30/89 140,000
					7/1/89-6/30/90 170,000
					7/1/90-6/30/91 320,000
					After 7/1/91 estates are subject to a pick-up tax only. For decedents dying before July 1, 1991, an additional estate tax is imposed equal to the excess, if any, over the state estate tax up to the credit allowable against the federal estate tax, so that the aggregate state tax will always at least equal the maximum federal credit.
Virginia					
		Federai Pickup Tax			In addition to the estate tax, the probate of every will or grant of administration, not exempt by law, is subject to tax. This tax amounts to $1 on the first $5,000 of the estate and $.10 on every additional $100 of value or fraction thereof, except that estates of $500 or less are not subject to the tax. The governing bodies of cities and counties may also impose a tax on the probate of wills or grants of administration in an amount equal to one-third the amount of the state tax levied on such probate or administration.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter,* September 1988, and survey of state revenue officials (Summer 1987).

Table 39

State Inheritance Tax Rates and Exemptions, September 1988

State	Value of Share before Exemption Applied: Over	But Not Over	Rates According to Class (in percent): A	B	C	D	E	Conditions
Connecticut								
	$0	$1,000						Class A = (grand)parent, descendant (natural or adoptive)
	1,000	6,000			8			Class B = spouse or widow(er) of child who has not remarried, stepchild, sibling, descendant of sibling
	6,000	25,000		4	8			Class C = any others
	25,000	50,000		5	9			
	50,000	150,000	3	5	9			Exemptions:
	150,000	250,000	4	6	10			Spouse is exempt
	250,000	400,000	5	7	11			Class A: $50,000
	400,000	600,000	6	8	12			Class B: $6,000
	600,000	1,000,000	7	9	13			Class C: $1,000
	1,000,000		8	10	14			
Delaware								
	0	1,000						Class A = spouse
	1,000	5,000				10		Class B = lineal descendant and parents
	5,000	25,000			5	10		Class C = any other relative within 5 degrees consanguinity
	25,000	50,000		2	6	12		Class D = any one else
	50,000	70,000		3	7	14		Deductions are based on Federal Code
	70,000	75,000	2	3	7	14		Exemptions:
	75,000	100,000	2	4	7	14		Class A: $70,000
	100,000	150,000	3	5	8	16		Class B: $25,000
	150,000	200,000	3	5	9	16		Class C: $5,000
	200,000		4	6	10	16		Class D: $1,,000
Nebraska								
	0	5,000		6	6			Class A = parent, spouse, child, sibling, spouse or widow(er) of child, lineal descendant, anyone, who for 5 continuous years lived with the decedent
	5,000	10,000		6	9			Class B = uncle, aunt, their descendants, spouses of descendants
	10,000	20,000	1	6	12			Class C = all others
	20,000	50,000	1	6	15			Exemptions:
	50,000	60,000	1	6	18			Class A: $10,000
	60,000		1	9	18			Class B: $2,000
								Class C: $500
								Tax is paid to and administered by county
Idaho								
	$0	$25,000	2	4	6	8		Class A = spouse, lineal descendant, lineal ancestor
	25,000	50,000	4	6	9	14		Class B = siblings, their descendants, spouse or widow(er) of child
	50,000	100,000	6	8	12	20		Class C = uncle, aunt or their descendants
	100,000	200,000	8	12	15	30		Class D = all others
	200,000	500,000	10	16	20	30		Exemptions:
	500,000		15	20	25	30		all property passing to spouse
								minor child of decedent: $50,000
								others in Class A: $30,000
								property that had been transferred not more than 4 years prior to death, which then is transferred to a Class A recipient
								Classes B, C & D: $10,000
								an additional exemption in the amount that when added to the above exemptions will equal the federal unified credit equivalent in addition to any marital transfer

Table 39 (cont.)

State Inheritance Tax Rates and Exemptions, September 1988

State	Value of Share before Exemption Applied: Over	But Not Over	Rates According to Class (in percent): A	B	C	D	E	Conditions
Indiana								
	0	25,000	1	7	10			Class A = spouse, lineal ancestor, lineal descendant,
	25,000	50,000	2	7	10			Class B = siblings, their descendants, spouse or widow(er) of child
	50,000	100,000	3	7	10			Class C = all others
	100,000	200,000	3	10	15			Exemptions:
	200,000	300,000	4	10	15			transfers to spouse
	300,000	500,000	5	10	15			proceeds from insurance policies are exempt
	500,000	700,000	6	12	15			minor (under 21 years): $10,000
	700,000	1,000,000	7	12	15			child 21 and older: $5,000
	1,000,000	1,500,000	8	15	20			parent: $5,000
	1,500,000		10	15	20			other Class A: $2,000
								Class B: $500
								Class C: $100
Iowa								
	0	5,000	1	5	10			Class A = spouse, parent, child, lineal descendant
	5,000	12,500	2	5	10			Class B = sibling, spouse of child, step child
	12,500	25,000	3	6	10			Class C = all others
	25,000	50,000	4	7	10			Estates which do not exceed $10,000 are exempt
	50,000	75,000	5	7	12			Exemptions:
	75,000	100,000	6	8	12			spouse: $180,000
	100,000	150,000	7	9	15			each child: $50,000
	150,000		8	10	15			parent: $15,000
								other lineal descendants: $15,000
								Spouse is granted a 2/3 tax credit for tax liability due under rates at left (for 1987); spousal transfers are completely exempt after 1987.
								Bequests to profitable organization are taxable at 15%
								Bequests to charitable organizations are taxable at 10% unless organization is incorporated under the laws of Iowa for charitable, educational or religious purposes.
								Transfers to alien, nonresident of US, within Class A are taxable at 10%
Kansas								
	0	25,000	1	3	10			Class A = lineal ancestor, descendant, step parent or child, adopted child, spouse of child
	25,000	50,000	2	5	10			Class B = siblings
	50,000	100,000	3	7.5	10			Class C = all others
	100,000	200,000	4	10	12			Deductions:
	200,000	500,000	4	10	15			Class A: $30,000
	500,000		5	12.5	15			Class B: $5,000
								(if share of estate after deductions is less than $200, no tax is due)
								Spouse is exempt
Kentucky								
	0	10,000	2	4	6			Class A = parent, spouse, (grand)child
	10,000	20,000	2	5	8			Class B = sibling, their descendants, spouse of child, aunt, uncle
	20,000	30,000	3	6	10			Class C = any one else
	30,000	45,000	4	8	12			Exemptions:
	45,000	60,000	5	10	14			spouse is exempt in full
	60,000	100,000	6	12	16			minor (< 18 years) or incompetent child: $20,000
	100,000	200,000	7	14	16			parent: $5,000
	200,000	500,000	8	16	16			child: $5,000
	500,000		10	16	16			grandchild: $5,000
								Class B: 1,000
								Class C: $500

Table 39 (cont.)

State Inheritance Tax Rates and Exemptions, September 1988

State	Value of Share before Exemption Applied: Over	But Not Over	Rates According to Class (in percent): A	B	C	D	E	Conditions
Louisiana								
	0	5,000	2	5	5			Class A = spouse, direct descendant
	5,000	20,000	2	5	10			Class B = collateral relation (includes sibling by marriage)
	20,000		3	7	10			Class C = all others
								Exemptions:
								Class A: $25,000
								Class B: $1,000
								Class C: $500
Maryland								
			1	10				Class A = (grand)parent, spouse, child, lineal descendant, step child or parent
								Class B = all others*
								All real property bequeathed to spouse is exempt; $100,000 of other property
								If transfer is < $150, no tax is due
								*the aggregate sum of $2,000, which was held in joint savings account passing to the spouse of a lineal descendent is taxed at 1%; any amount in excess of $2,000 is taxed at 10%
								Tax on executor's commission is the greater of: (a) 1% of the first $20,000 of the estate or (b) 10% of the total commission allowed. The limit on commission is as follows: (a) for estate not over $20,000—1% (b) for estate over $20,000—$2,000 plus 0.2% on the balance of the estate.
Michigan								
	0	50,000	2	12				Class A = (grand)parent, spouse, child, sibling, spouse of child
	50,000	250,000	4	14				Class B = all others
	250,000	500,000	7	14				No tax due if share of estate is less than or equal to $100
	500,000	750,000	8	17				Exemptions:
	750,000		10	17				spouse: $65,000
								an additional $5,000 is exempt for widows with minor children
								if transfer qualifies for marital deduction under federal estate tax, the transfer is exempt
								other Class A: $10,000
								Counties collect an additional 0.5% of the state tax paid
Montana								
	0	25,000	2	4	6	8		Class A = spouse, child, lineal descendants, ancestor
	25,000	50,000	4	8	12	16		Class B = siblings, their descendants, spouse of child
	50,000	100,000	6	12	18	24		Class C = uncle, aunt, 1st cousin
	100,000		8	16	24	32		Class D = all others
								Exemptions:
								Class A: property passing to spouse and lineal descendant exempt. Lineal ancestor: $7,000
								Class B: $1,000 insurance proceeds up to $50,000
New Hampshire								
								There is a 15% tax rate for those not exempt. Those exempt include: spouse, lineal ascendants, lineal descendants, their spouses, legal guardians, step children, their spouses and lineal descendants. There is a credit for taxes paid on prior transfers between siblings if sibling died within two years 100%
								3-4 80%
								5-6 60%
								7-8 40%
								9-10 20%
								Real property for nonresidents is taxed at same rate
								Personal property is taxed at a flat 2%, no deductions or exemptions allowed

Table 39 (cont.)

State Inheritance Tax Rates and Exemptions, September 1988

State	Value of Share before Exemption Applied: Over	But Not Over	Rates According to Class (in percent): A	B	C	D	E	Conditions
New Jersey								
	0	250,000			11	15		Class A = (grand)parents, child, issue of any child or legally adopted child of a decedent, mutually acknowledged child and stepchild
	250,000	300,000			11	15		Class C = brother or sister of decedent, wife or widow of decedent's son, or husband or widower of a daughter.
	300,000	500,000			11	15		Class D = all others.
	500,000	700,000			11	15		Class A: as of 7/1/88 there is no tax.
	700,000	900,000			11	16		Class C: $25,000-$1,100,000 = 11%
	900,000	1,100,000			11	16		Class B: eliminated effective July 1, 1963
	1,100,000	1,400,000			13	16		If share is < $500 there is no tax due
	1,400,000	1,700,000			14	16		Life insurance proceeds payable to a named beneficiary are not included in estate
	1,700,000	2,200,000			16	16		Spouse is exempt
	2,200,000	2,700,000			16	16		
	2,700,000	3,200,000			16	16		
	3,200,000				16	16		
North Carolina								
	0	5,000	1	4	8			Class A = lineal ancestor, descendant, adopted or stepchild, spouse of child if the child is not entitled to any beneficial interest
	5,000	10,000	1	5	8			Class B = siblings, their descendants, uncle, aunt
	10,000	25,000	2	6	9			Class C = all others
	25,000	50,000	3	7	10			Spouse is exempt
	50,000	100,000	4	8	11			Total credits due Class A if decedent dies on or after:
	100,000	200,000	5	10	12			1/1/88-$20,150
	200,000	250,000	6	10	12			1/1/89-$26,150
	250,000	500,000	6	11	13			total credit divided among Class A cannot exceed total credit amount
	500,000	1,000,000	7	12	14			Priority given:
	1,000,000	1,500,000	8	13	15			1) minors, children 18 or over who are single and unable to support themselves due to being mentally or physically incapacitated
	1,500,000	2,000,000	9	14	16			2) others
	2,000,000	2,500,000	10	15	16			
	2,500,000	3,000,000	11	15	17			
	3,000,000		12	16	17			
Pennsylvania								
	0		6	15				Class A = (grand)parent, spouse, lineal descendant, spouse or widow(er) of child
								Class B = all others
								Exemptions:
								gift of < $3,000 per year, proceeds from insurance, property held jointly with spouse, employment benefits, family exemption of $2,000
South Dakota								
	0	15,000		3	4	5	6	Class A = lineal issue, adopted child, loco parentis
	15,000	30,000		7.5	10	12.5	15	Class B = lineal ancestor and (sibling who for at least 10 of 15 years operated business or farm with decedent)
	30,000	50,000	3.75	7.5	10	12.5	15	Class C = siblings, their descendants, spouse or widow(er) of child
	50,000	100,000	6	12	16	20	24	Class D = uncle, aunt, their descendants
	100,000		7.5	15	20	25	30	Class E = any others
								Exemptions:
								Class A: spouse, child, lineal issue, adopted child: $30,000
								Class B: lineal ancestor $3,000
								Class C: $500
								Class D: $200
								Class E: $100

Table 39 (cont.)

State Inheritance Tax Rates and Exemptions, September 1988

State	Value of Share before Exemption Applied: Over	But Not Over	Rates According to Class (in percent): A	B	C	D	E	Conditions
Tennessee				B(1)*	B(2)**			Class A = spouse, child, lineal ancestor, descendant, siblings, spouse of children
	0	40,000	5.5	5.5	5.5			Class B = all others
	40,000	200,000	6.5	7.5	6.5			credit for gift tax paid for gifts made within three years of death
	200,000	240,000	6.5	9	6.5			Exemptions:
	240,000	300,000	7.5	9	7.5			the spouse
	300,000	440,000	7.5	11	7.5			Class A: $600,000
	440,000		9.5	13	9.5			Class B: 1988 $250,000; 1989 $350,000; 1990 $600,000
								marital deduction = one-half value of taxable transfer
Wisconsin	0	25,000	2.5	5	7.5	10		Class A = lineal ancestor, issue, spouse of child, adopted child
	25,000	50,000	5	10	15	20		Class B = siblings, their descendants
	50,000	100,000	7.5	15	22.5	20		Class C = uncle, aunt, their descendants
	100,000	500,000	10	20	20	20		Class D = any others
								Exemptions:
								the spouse is totally exempt
								Class A: $50,000
								Class B: $1,000
								Class C: $1,000
								Class D: $500
								government retirement plans
								First $10,000 of tangible personal property, household furniture, appliances, except money

*B(1) = the rates for 1987-88

**By 1989 rates for Classes A & B will be the same.

The inheritance/gift tax is being phased out according to the following schedule:

for deaths in	tax reduced
1988	20%
1989	40%
1990	60%
1991	80%
1992	100%

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter,* September 1988, and survey of state revenue officials (Summer 1987).

Table 40

State Gift Tax Rates and Exemptions, October 1988

State	Taxable Gift Over	Taxable Gift But Not Over	Rate According to Class (in percent) A	B	C	D	Considerations
Delaware							
	$0	$25,000	1				Gifts given to spouse are exempt.
	25,000	50,000	2				
	50,000	75,000	3				
	75,000	100,000	4				
	100,000	200,000	5				
	200,000		6				
Louisiana							
	0	15,000	2				$10,000 per donee per year is excluded from taxation. In addition, a $30,000 lifetime exclusion is allowed for the donor. Gifts made by either spouse to a third party may be considered as being made one-half by each spouse.
	15,000		3				
New York							
	see estate tax rates in Table XX						$10,000 per donee per year is excluded from taxation. Unlimited marital deductions only applies to gifts given after September 30, 1983. Credits: if tentative tax 1) < or = $2,750, credit = full amount of tax; 2) $2,750 < tax < 5,000, credit = $5,500 - tax; 3) > $5,000, credit = $500.
North Carolina			A	B	C		Class A = lineal issue, lineal ancestor, adopted child or stepchild; Class B = siblings, their descendants, uncle, aunt; Class C = all others. $10,000 per donee per year is excluded from taxation. Exclusion does not apply to gifts of future interest in property. In addition, a $100,000 lifetime exemption is allowed to the donor for gifts made to donees of Class A. Gifts to spouse are exempt. When a gift is made by either spouse to a third party, the donor may claim both the donor's annual exclusion and the spouse's annual exclusion provided both spouses consent and both spouses are residents of North Carolina when the gift is made.
	0	5,000	1	4	8		
	5,000	10,000	1	5	8		
	10,000	25,000	2	6	9		
	25,000	50,000	3	7	10		
	50,000	100,000	4	8	11		
	100,000	200,000	5	10	12		
	200,000	250,000	6	10	12		
	250,000	500,000	6	11	13		
	500,000	1,000,000	7	12	14		
	1,000,000	1,500,000	8	13	15		
	1,500,000	2,000,000	9	14	16		
	2,000,000	2,500,000	10	15	16		
	2,500,000	3,000,000	11	15	17		
	3,000,000		12	16	17		
South Carolina*							
	0	40,000	6				$10,000 per donee per year is excluded. In addition, a $60,000 exclusion is allowed (on gifts made on or after 1/1/79). Unlimited marital deductions (with a few restrictions).
	40,000	100,000	7				
	100,000		8				
Tennessee							
			A	B			Class A = spouse, child, step child, lineal ancestor, descendant siblings, spouse of child; Class B = all others. Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. One-half of gift made to spouse is exempt. $10,000 going to each donee of Class A is exempt.
	0	40,000	5.5	6.5			
	40,000	50,000	6.5	6.5			
	50,000	100,000	6.5	9.5			
	100,000	150,000	6.5	12.0			
	150,000	200,000	6.5	13.5			
	200,000	240,000	6.5	16.0			
	240,000	440,000	7.5	16.0			
	440,000		9.5	16.0			
Wisconsin*							
	see inheritance tax rates in Table XX						$10,000 per donee per year is excluded from taxation. Gifts made to spouse are completely exempt. One time exemption of $50,000 is allowed to gifts going to Class A.

*This law has been repealed, effective 1/1/92.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, September 1988, and a survey of state revenue officials (Summer 1987).

Table 41

States with Transfer and Real Estate Taxes, September 1988

State	Basis of Tax for Deed Transfer Tax		Rates	
	Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens	Deed Transfer Tax[1]	Mortgage Tax[1]
Alabama[2]		Yes	0.100%	0.150%
Arizona	—	—	$2.00 flat fee	
Arkansas	Yes		0.220	
California[2]		Yes		
Colorado	Yes[3]		0.010	
Connecticut[2]	Yes		0.450	0.110
Delaware[2]	Yes[4]		2.000	
DC (Washington)[2]	Yes		1.000	1.000
Florida[2]	Yes		0.550	0.150
Georgia		Yes[2]	0.100	0.300
Hawaii	Yes[4]		0.050	
Illinois[2]	Yes[4]		0.050	
Iowa		Yes[1]	0.110	
Kansas	—	—	0.250	
Kentucky	Yes		0.100	
Maine	Yes		0.220	
Maryland[2]	Yes		0.330	0.110
Massachusetts[2]		Yes[2]	0.280	
Michigan[2]	Yes[4]		0.110	
Minnesota		Yes	0.330	0.230
Nebraska	Yes		0.150	
Nevada		Yes[2]	0.110	
New Hampshire[2]	Yes		0.700	
New Jersey[2]	Yes[4]		0.350	
New York[2]		Yes[2]	0.400	
North Carolina[2]		Yes	0.100[2]	
Ohio[2]	—	—	0.300[2]	
Oklahoma[2]		Yes[2]	0.150	0.100
Pennsylvania[2]	Yes		1.000	
Rhode Island	Yes[4]		0.220	
South Carolina[2]	—	Yes	0.220	
South Dakota	Yes		0.100	
Tennessee		Yes	0.280	0.100
Vermont[2]	Yes		0.500	
Virginia[2]	Yes	Yes[2]	0.250[2]	
Washington[2]	Yes[4]		1.340[2]	
West Virginia[2]	Yes		0.220	
Wisconsin	Yes[4]		0.300	

[1] Taxes are listed as a percentage of the tax base even though statutory rates are sometimes listed as cents/$100 or cents/mills.

[2] See notes on following pages.

[3] Transfers under $500 are exempt.

[4] Transfers under $100 are exempt (for VA this only applies to the grantor's tax).

Sources: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, September 1988, and survey of state departments of revenue (Summer 1987).

Table 41 (cont.)

States with Transfer and Real Estate Taxes, September 1988

Individual State Notes

General Information: Deed transfer taxes are generally paid by the seller, however, if the seller fails to pay, the buyer is liable for the tax. Mortgage taxes are paid by the buyer on the amount borrowed.

Alabama Alabama does not have a stock transfer fee; however, there is a recordation tax and a privilege or license tax on the registration of securities. The rate of the tax is $.25 per $100 of par value or principal amount for the recording of the securities. This rate also applies to the filing and recording of lists of securities.

California Counties have the authorization to impose a .11% documentary transfer tax. Chartered cities, such as Berkeley, Oakland, Piedmont, Santa Clara, San Jose, Campbell and others, impose an additional tax. The county of Los Angeles' documentary tax is $1.10 per $1,000 of the value. The City of Los Angeles is $.55 per $1,000.

Connecticut Farm and Forest Land Conveyance Tax is an additional tax levied on the sale of land classified for property tax purposes as open space land that is sold within ten years of classification. Also, if land classified as farm or forest land is sold within ten years from acquisition or classification, whichever is earlier, it, too, is subject to the conveyance tax. The tax rates are as follows and are applied to the sales price or, if the classification of the land is changed but there is no sale, to the fair market value:

Year of Sale or Classification Change After Ownership or Acquisition	Tax rate
within first year	10%
second year	9
third year	8
fourth year	7
fifth year	6
sixth year	5
seventh year	4
eighth year	3
ninth year	2
tenth year	1

Delaware There is an additional tax imposed by the City of Wilmington at the rate of 1%.

DC (Washington) The mortgage tax is known as the recordation tax on deeds.

Florida Until October 1, 1993, counties are authorized to levy an additional tax on documents at a rate not to exceed .45%. The county tax is levied on the same items as the state tax, except it is not levied on any document which involves a single family residence.

Illinois Counties are authorized to impose a real estate transfer tax at the rate of .05% of the full consideration. Chicago imposes a transfer tax at the rate of .75% of the transfer price.

Maryland The following counties impose an additional transfer tax (1987 rates): Anne Arundel 1%, Baltimore City 1.5%, Baltimore County 1.6%, Cecil $3.00 (flat fee), Howard 1%, Kent .5%, Montgomery 1% (the rate varies depending on situation), Prince George's 1%. Counties and local municipalities may impose an additional recordation tax. The rate of tax varies between the counties; the range is from .33% to .70%; for example, Anne Arundel .7%, Baltimore City .5%, Baltimore County .5%, Frederick .66%, Howard .44%, Montgomery .44%, Prince George's .44%. There is also an agricultural land transfer tax of 5% of actual consideration paid (less full cash value of any improvements) when the land being transferred is a parcel of 20 acres or more; 4% when the land is a parcel of less than 20 acres and is assessed on the basis of its agricultural use or on the basis of unimproved land; and 3% when land being transferred is a parcel of less than 20 acres and is assessed as improved land or land with site improvements. The rate is reduced further by 25% for each consecutive full tax year in which real property taxes were paid on the basis of a nonagricultural use assessment. Counties also impose additional deed transfer taxes.

Massachusetts If the sale price is greater than $100 and less than $500, the fee is $1, and for each additional $500 or fractional part, $1. In addition, a 14% surtax per $500 is imposed.

Michigan The $.55 per $500 rate increases to $.75 per $500 for counties with population of 2 million or more.

New Hampshire The buyer and the seller each pay $.35 per $100 of the full consideration, the total tax being $.70 per $100 (minimum tax $14.00 from buyer and seller).

New Jersey The rate of .35% is on the first $150,000; the rate on the excess of $150,000 of the consideration is .5%. There is a reduction in the tax rate when the transfer involves the sale of low or moderate income housing. The tax rate is reduced by .25%, therefore, the new tax rate for transfers involving low or moderate income housing is .10%. The following sales are also subject to this reduction: the sale of any one or two family residence owned and occupied by a senior citizen, blind or disabled person who is the seller in such transaction. Transfers of title to real property upon which there is new construction are exempted from payment of $1.00 for each $500 of the consideration or fraction not in excess of $150,000.

New York New York City, in addition to the state tax, imposes a mortgage recording tax of 1% with respect to real property securing a principal debt or obligation of less than $500,000. The tax on mortgages secured on one, two or three-family houses, individual cooperative apartments and individual residential condominium units, securing a principal debt or obligation of $500,000 or more is 2%. The tax on mortgages secured on all other real property is 1.25%. The mortgage recording tax is a state tax that is administered by localities. The

Table 41 (cont.)

States with Transfer and Real Estate Taxes, September 1988

New York *(cont.)* procedures given back to localities are; $.50 per $100 to the locality; $.25 per $100 to the State Mortgage Association; $.25 per $100 in those areas that have a transportation district. New York City imposes a realty transfer tax on each deed when the consideration exceeds $25,000. The tax is imposed at the following rates: 1% of the consideration where the real property is a one, two or three-family house, an individual cooperative apartment, an individual residential condominium unit or an individual dwelling unit in a dwelling that is to be occupied or is occupied as the residence or home of four or more families living independently of each other, or where the consideration for the transfer is less than $500,000; and 2% of the consideration with respect to all other transfers. The real property gains tax is imposed on the gain from the transfer of real property within the state at a rate of 10%. It does not apply if the consideration is less than $1 million.

North Carolina Authorizes an excise stamp tax on transfers of real estate at the rate of $.50 of each $500, or fraction thereof, of the consideration excluding the value of any lien on the property at the time of sale. The levy is administered by county governments in accordance with procedures established by the state. Proceeds of the excise stamp tax are retained by the county and deposited in its general fund.

Ohio Counties may levy a realty transfer tax on each deed with a rate not to exceed 0.3% per $100 of value. There is an additional tax of .1% imposed by counties; however, there are exemptions to this second tax; the following are just a sample: (1) to or from government bodies; (2) releasing or securing a debt or obligation; (3) confirming or correcting a previously recorded deed; (4) between spouses or parent and child; (5) certain transfers to heirs.

Oklahoma The real estate mortgage tax rates, for each $100 and remaining fraction thereof, increase with the time of the mortgage as follows:

mortgage 5 years or more	.10%
mortgage 4 to 5 years	.08
mortgage 3 to 4 years	.06
mortgage 2 to 3 years	.04
mortgage of 2 years or less	.02

If mortgage is less than $100 a tax of $.10 is levied.

Pennsylvania Local municipalities may impose an additional 1% tax on a deed transfer. The responsibility of paying the taxes is customarily shared equally by the buyer and the seller.

South Carolina Counties may impose an additional $1.10 per $1,000 deed transfer tax.

Vermont The capital gains tax on land is based on the gain and the years held; the rates are as follows:

	Gain as a Percentage of Basis (rounded to the next highest percent)		
Land Held by Transferor	**0-99%**	**100-199%**	**200% & over**
less than four months	60%	70.0%	80%
four to eight months	35	52.5	70
one year	30	45.0	60
two years	25	37.5	50
three years	20	30.0	40
four years	15	22.5	30
five years	10	15.0	20
six years	5	7.5	10

Virginia The deed transfer tax is actually a recordation tax, consisting of two separate taxes: the grantor's tax which is imposed on the grantor of a deed conveying real estate at $.50 per $500 of the consideration less any amount of any lien or debt remaining, and the recordation tax of $.15 per $100, or fraction thereof, of consideration or actual value which is imposed on the recordation of a deed, deed of trust, lease or other contract relating to real estate.

The recordation tax decreases as follows:

1st $10 million	.15%
2nd $10 million	.12
3rd $10 million	. 9
4th $10 million	. 6
5th $10 million	. 3

In addition to the state realty transfer tax the following cities and counties impose a tax equal to 1/3 of the state tax:

Cities (with population of 50,000 or more)		Counties (with population of 100,000 or more)
Alexandria	Portsmouth	Arlington
Chesapeake	Richmond	Chesterfield
Hampton	Roanoke	Fairfax
Newport News	Suffolk	Henrico
Norfolk	Virginia Beach	Prince William

Washington There is an excise tax of 1.34% of the total selling price, to be paid by the seller; a local county and city tax not to exceed .25% of the selling price excluding the value of any liens and encumbrances, also paid by the seller. The local rate in King County (Seattle) is .25%. A state surtax of .06% will be repealed July 1, 1989.

West Virginia There is an additional county excise tax on transfers of property at a rate of .11%.

Sources: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter,* September 1988, and survey of state departments of revenue (Summer 1987).

Table 42

Automobile Taxes and Fees, September 1988

State	Registration Fee		Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase: State	Sales Tax on Purchase: Local	Inspection Fee
Alabama	Auto	$23	$1.25 issuance fee	$4 Transfer $3	$15 (4yrs) Original $20	.65%	1.5%	County .1% to 1.5%* City .125% to 2%*	Cities may have inspection stations
	Motorcycle	$15							
Alaska	Auto	$35	Local annual fees range from $2 to $60*	$5	$10 (5 yrs)	Exempt	—	Range 1% to 6%*	Average is $30 Division service charge is $1
	Motorcycle	$20							
	Vans and trucks	$40							
Arizona	Auto	$8	Annual license Tax*	$4	$7 (4 years)	Exempt	5%	Range 1% to 3%*	$7.06 annually*
	Motorcycle	$9							
Arkansas	Auto		Local vehicle tax*	$5.50*	$6 (2 years)	Local*	4%	County 1%* City .5% to 2%*	Annual
	3,000 lbs or less	$17							
	3,001-4,500 lbs	$25							
	more than 4,500 lbs	$30							
	Motorcycle:								
	250 cm3 or less	$3.25							
	more than 250 cm3	$6.50							
California	Auto	$23	Out-of-state $10 Annual license fee 2%*	No fee	$10 (4 years)	License fee in lieu of property tax	4.75%	County .25%, .75% or 1.25%* City 1%*	No annual fee*
	Motorcycle	$24							
Colorado	Auto		Annual specific ownership tax* $2.20 additional fee for vehicle requiring emission inspection	$5.50	$6.50 (4 years)	Exempt	3%	County .25% to 4%* City 1% to 4%*	Emission $8.50 annually
	2,000 lbs or less	$9							
	4,500 or less	$9 + $.20/100 lbs over 2,000							
	more than 4,500	$16.10 + $.60/100 lbs over 4,500							
	Motorcycle	$5.50							
Connecticut	Biennial registration		Out-of-state $7	$11 7/1/89 $16 7/1/91 $20 7/1/93 $25 Transfer $10	$31 renewal (4 years) $24.75-$38 original $15 exam	Local*	7.5%*	—	$11* 7/1/89 $16 7/1/91 $20 7/1/93 $25
	beginning 7/1/88	$62							
	beginning 7/1/92	$70							
	Motorcycle	$30							
Delaware	Auto	$20	Motor vehicle document fee*	$4	$12.50 (5 years)	Exempt	No tax		No annual fee
	Motorcycle	$10							
DC (Washington)	Auto		Title issuance excise tax*	$10	$15 (4 years)	Exempt		Titling issuance excise tax is in lieu of sales tax	$5 annually
	less than 3,500 lbs	$45							
	more than 3,500 lbs	$78							
	Motorcycle	$21							
Florida	Auto		Additional miscellaneous fees of $5.15 (each year)*	$7.25	$19 original (4 years) $15 renewal (4 years)	Exempt	6%	—	None
	less than 2,500 lbs	$18.60							
	2,501-3,500 lbs	$26.60							
	more than 3,500 lbs	$36.60							
	Motorcycle	$12.75							
Georgia	Auto	$8		$5 Transfer $6*	$4.50 (4 years)	Local*	3%*	1%*	Emission*
	Motorcycle	$8							

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

State	Registration Fee		Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase: State	Sales Tax on Purchase: Local	Inspection Fee
Hawaii	Auto state fee Motorcycle state fee	$10 $10	Annual vehicle weight tax*	$3 duplicate	County fees Over 25 $8.50 (4 years) Age 15-24 $5.50 (2 years) 65 and older	Exempt	4%	—	Honolulu (Oahu) $9.75
Idaho	Autos 8,000 lbs or less 1-2 years 3-4 years 5-6 years 7-8 years over 8 years Motorcycle	 $36.48 $33.48 $26.28 $22.68 $16.08 $6.48	Additional fees $2.45 (each year)*	$3	$13.50 (3 years)	Registration fee in lieu of property tax	5%	—	None
Illinois	Auto Motorcycle	$48 $30	$200 vehicle replacement tax on a total loss claim in lieu of sales tax	$3	$10 (4 years)	Exempt	Vehicle use tax in lieu of state sales tax	.25% to 2%	None
Indiana	Auto Motorcycle	$12.75 $12.75	Annual vehicle excise tax* Annual county surtax*	$5	$6 (4 years)	Excise tax is in lieu of property tax	5%	—	None
Iowa	Auto, based on weight and age* Motorcycle	 $20	Annual motor vehicle fee	$10	$16 (4 years)	Motor vehicle fee is in lieu of property tax	4%	1%*	None
Kansas	Auto 3000 lbs or less 3001-4000 lbs 4001-4500 lbs more than 4500 lbs Motorcycle	 $13 $16.25 $19.50 $26 $10	Additional $2 fee (each year)	$3.50 transfer $1.50	$8-12 (4 years)	Exempt	4%*	County .5% or 1%* City .5% or 1%*	VIN verification Safety inspections $10
Kentucky	Auto (9 pass or less) Motorcycle	$11.52 $5	$2 clerks fee for registration	$6	$8 (4 years)	State and local*	5%*		$3*
Louisiana	Auto Motorcycle	$3 $3		$18.50 transfer $3	$12.50 (4 years) motorcycle $15.50 (4 years)	Orleans Parish only	4%	Parish 1% to 5%* City .5% to 2.5%*	Annual (1987 fee $6.50)
Maine	Auto Motorcycle	$20 $17	Annual excise tax*	$10	$18 (4 years)	Excise tax is in lieu of property tax	5%*	—	$5 annually
Maryland	Auto 3,700 lbs or less more than 3700 lbs Motorcycle	 $27 $40.50 $18.50	Excise tax*	$1	$6 (4 years) Original $20	Exempt		Excise tax is in lieu of sales tax	None

Massachusetts	Auto Motorcycle	$12 $15	Annual motor vehicle excise tax*	$15	class 1 $35 class 2 $30 class 3 $25 (valid for 4 yrs)	Motor vehicle excise tax is in lieu of property tax	5%	—	Annual $10 Safety test fee $4
Michigan	Auto The first registration fee is:* list price — fee $0 to $6,000 — $30 $6,001 to $7,000 — $33 $7,001 to $8,000 — $38 $8,001 to $9,000 — $43 $9,001 to $10,000 — $48 For vehicles over $10,000 the registration fee is $48 plus $5 per $1,000 value over $10,000; in short, the fee is based on 0.5% of the list price of the vehicle. Motorcycle $18			$2	$6 (4 years) Original $7.50	Exempt	4%	—	Emissions $10 annually* (1987)
Minnesota	Regular tax = $10 + 1.25% of a base value equaling a percentage of manufacturers suggested retail price 1st year base value — 100% 2nd — 90 3rd — 75 4th — 60 5th — 45 6th — 35 7th — 30 8th — 20 9th — 15 10th — 10 11th & succeeding — $25 Motorcycle — $10		Excise tax 6% (at time of purchase)	$2	$15 (4 years)	Registered motor vehicles are exempt	Excise tax is in lieu of sales tax		None
Mississippi	Auto Motorcycle	$15 $8	Annual ad valorem tax*	$2.50	$13 (4 Years)	See note*	3%	—	Annually $5
Missouri	Registration fees are based on horsepower: 72 and more — $51 Motorcycle — $8.50			$7.50	$7.50 (3 years)	Local*	4.225%	Combined county and local .375% to 3%*	$4.50 annual safety $4.50 annually emissions*
Montana	Auto* 2,850 or less — $7 more than 2,850 — $12 Motorcycles — $5			$4	$12 (4 years) $14 motorcycle	*	1.5%*	—	None
Nebraska	Auto 10 passengers or less — $17.50 more than 10 — $30 Motorcycle — $5.50		Additional fees $2.50 (each year)	$6	$10 (4 years)	Local*	4%	City .5% to 1.5%*	None
Nevada	Auto Motorcycle	$17 $17	Annual privilege tax* Highway patrol fee $5	$10	$10 $5 (70 or over)	Privilege tax is in lieu of property tax	2%	3.75% to 4%*	Annual emissions inspection in Clarke and Washoe, fees vary*

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase: State	Sales Tax on Purchase: Local	Inspection Fee
New Hampshire	Auto 0 to 3,000 lbs $16.80 3,001-5,000 lbs $28.80 5,001-8,000 lbs $40.80 8,001-73,280 lbs $.74/100 lbs Motorcycle $12	Annual municipal fee*	$7 Transfer $10	$20 (4 years)	Municipal fee is in lieu of property tax		No sales tax	Local*
New Jersey	Auto model year 1980 and thereafter weight 3,500 lbs or less $25 more than 3,500 lbs $50 Motorcycle $10		$5	$16 (4 years) Motorcycle $8 plus additional $1.50 for photo	Exempt	6%*	—	$2.50 annually, fee added to registration fee
New Mexico	Auto 2,000 lbs or less $20 (after 5 years) $16 2,001 lbs to 3,000 lbs $29 (after 5 years) $23 more than 3,000 lbs $42 (after 5 years) $34 Motorcycle $11	Excise tax 2% Annual miscellaneous fees $1.80*	$3 (vehicle transaction fee)	$10	Exempt		Excise tax is in lieu of sales tax	None
New York	Auto 3,500 lbs or less $.75/100 lbs more than 3,500 lbs $26.25 + $1.125/100 lbs over 3,500 lbs Motorcycle $10		$2.50	$17.50 (4 years)	Exempt	4%*	County 0% to 4%* City 0% to 4.25%*	Safety inspection fee: $8 annually Emissions inspection fee additional $7 (only in 9 downstate counties)
North Carolina	15 passengers or less $20 more than 15 $23 Motorcycle $9		$5 Transfer $4	$15 (4 years)	Local*	2%*		$4.25 to $10 annually
North Dakota	Auto, based on weight and age* Motorcycle* $15	Additional fee $3 (each year) Excise tax 5% (5.5% 7/1/87-6/30/89)	$5	$10 (4 years)	No property tax		Excise tax is in lieu of sales tax	Random No fee
Ohio	Auto $20 Motorcycle $10	Additional fee $1.50 (each year)	$2	$9 (4 years) $14 motorcycle	Exempt	5%*	County .5% or 1.5%*	Emissions $5 annually (1987)
Oklahoma	Auto* $17.25 Motorcycle $17.25	Excise tax*	$10	$14 (4 years) original $18	Exempt		Excise tax is in lieu of sales tax	$5 annually
Oregon	Auto biennial $20 Motorcycle biennial $6		$9	$15 (4 years) original $32	Exempt		No sales tax	$4*
Pennsylvania	Auto $24 Motorcycle $12		$15	$21.50 (4 years) $7 motorcycle	Exempt	6%	—	$14 annually*

Rhode Island	Auto 2,500 lbs or less 2,501 lbs to 3,000 lbs 3,001 lbs to 3,500 lbs 3,501 lbs to 4,000 lbs 4,001 lbs to 4,500 lbs 4,501 lbs to 5,000 lbs 5,001 lbs to 5,500 lbs 5,501 lbs to 6,000 lbs more than 6,000 lbs	 $10 $11 $12 $14 $17 $20 $24 $28 $33	Annual excise tax*	$5	$20 (5 years) $8 original	Excise tax is in lieu of property tax	6%	—	$4 annually
Rhode Island	*(cont.)* Motorcycle	$13							
South Carolina	Auto Motorcycle	$12 $5		$5	$10 (4 years)	Local	5%	—	Annual $3 (1987)
South Dakota	Auto 2,000 lbs or less 2,001 lbs to 4,000 lbs 4,001 lbs to 6,000 lbs Motorcycle with piston displacement less than 350 cm3 350 cm3 or more	 $20 $30 $40 $7.50 $10	Excise tax 3% $25 fee for reassignment of serial number Motorcycle safety fee $1.50	$3	$6 (4 years)	Exempt		Excise tax is in lieu of sales tax	None
Tennessee	Auto Motorcycle	$19.50 $9.75	Wheel tax*	$3	$13 (4 years)	Exempt	5.5%	County 1% to 2.75%*	Certain cities
Texas	Auto, based on weight and age* Motorcycle	 $31.05	$.30 reflectorized fee	$10 Transfer $10	$16 (4 years)	Local	4.125%	City 1%*	$7.25 annual (includes emission)
Utah	Auto Motorcycle	$10 $7.50	Driver Auto tax $2	$2 Transfer $2	$10 (4 years)	Local*	5.0938%	County .91% to 1.16%*	$10 annual (maximum)
Vermont	Auto Motorcycle	$36 $11.25		$5 $8.50 with lien holder	$16 (4 years) $10 test	Exempt	4%*	—	Annual
Virginia	Auto 4,000 lbs or less more than 4,000 lbs Motorcycle (incl. surcharge)	 $23 $28 $21	Additional fee $2 Uninsured vehicles $300 fee	$10	$12 (5 years)	Local*	3%	—	Annual $6 (1987)
Washington	Auto* original renewal Motorcycle	 $27.50 $23.75	Excise tax 2.454%* Additional 7% tax (taxes paid annually)	$3	$14 (4 year)	Excise tax is in lieu of property tax	6.5%*	County .5% to 1.6%*	$10 (1987)
West Virginia	Auto 3,000 lbs or less 3,001 lbs to 4,000 lbs more than 4,000 lbs Motorcycle	 $25 $30 $36 $8	Titling tax 5% Additional fee $1 (each year)	$5	$10 (4 years)	Local		Titling tax is in lieu of sales tax	$4.50 annually
Wisconsin	Auto Motorcycle	$25 $7		$5 replacement $8	$9 (4 years)	Exempt	5%*	County .5%*	None
Wyoming	auto state fee Motorcycle state fee	$15 $5	Annual county tax*	$3	$10 (4 years) $5 renewal	See note*	3%	County 3% to 5%*	None

*See notes on the following pages for further information and clarification.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, September 1988, and a survey of state departments of motor vehicles (summer 1987) and American Automobile Association (AAA), 1988 *Digest of Motor Laws*.

Automobile Taxes and Fees, September 1988

Individual State Notes

General Information: The registration fees are based on a yearly (12-month period) registration unless otherwise stated. Certificate of title fee is for the original title; transfer refers to the transfer of the title.

Alabama

Sales Tax: County taxes range from 0.1% to 1.5%; for example: Madison 0.5%, Montgomery 0.20%. The two largest counties, Jefferson and Mobile, do not have a county sales tax.
City taxes range from 0.125% to 2%; for example: Dothan 0.5%, Montgomery 0.5%, Mobile 1.5%. Birmingham does not have a city sales tax.

Alaska

Other Fees: Determined by age of vehicle

	1988-89	1987	1986	1985	1984	1983	1982	1981 or older
Auto/Van/Pickup	$60	$50	$40	$30	$20	$15	$10	$5
Motorcycle	$8	$7	$6	$5	$4	$3	$2	$2

Everyone in an EPA nonattainment area (for carbon monoxide or ozone) must pay $1 for each vehicle registered.

Property Tax: Municipalities may impose vehicle registration taxes in lieu of use or property taxes on vehicles subject to state license fees.

Sales Tax: City sales taxes range from 1% to 6%; for example, Kenai 3%. Anchorage, the largest city, does not impose the tax.

Arizona

Other Fees: License tax is 4% of the assessed value of car. During the first 12 months of the car life the assessed value is 60% of the manufacturer's base retail price; each year thereafter, the assessed value is 15% less than the preceding year.

Sales Tax: City sales taxes range from 1% to 3%; for example, Phoenix 1.2%, Tucson 2%.

Inspection Fee: Applicable only to automobile owners who live in Phoenix and Tucson (Maricopa and Pima Counties) metro areas.

Arkansas

Other Fees: Counties and municipalities are authorized to levy a vehicle tax not to exceed $5 per year per vehicle upon owners residing in the county or municipality, provided a majority of the qualified electors approve.

Title Certificate: $4 title application fee plus $.50 if vehicle is financed and $1 for title.

Property Tax: Local property taxes range from 2.51% to 5.3%; for example, Little Rock 4.973%, Fort Smith 5.3%.

Sales Tax: Counties may impose a 1% sales tax, both Pulaski and Washington levy the tax.
City sales taxes range from 0.5% to 1%, for example, Fort Smith 1%, Pine Bluff 1%. Little Rock does not impose a city sales tax.

California

Other Fee: There is a license fee of 2% of market value of vehicle which is in lieu of other ad valorem taxes, including the property tax. $7 fee for transfer of title.

Sales Tax: The tax is levied when a vehicle is sold at retail by a dealer. Use tax (same rates) is assessed when a sale is between individuals, or when a vehicle is purchased and brought into the state within 90 days.
The rates of county sales taxes are 0.25%, 0.75% or 1.25%. Information on individual county tax rates is not available.
The city tax rate is 1%.

Inspection Fee: There is no inspection fee; however, vehicle air pollution control equipment inspection and certification is required upon initial registration and when transferred. Vehicles garaged in metropolitan areas also require biennial certification.

Colorado

Other Fees: Annual specific ownership tax based on factory list price, or if not available, 75% of retail delivered price, exclusive of sales taxes; for vehicles sold on or after 10/9/81, the tax is based on 75% of the manufacturer's suggested retail price exclusive of the federal excise tax, transportation or shipping costs, preparation and delivery costs.

Year	Rate	Year	Rate
1st	2.10%	4th	.90%
2nd	1.50%	5-9th	.45% or $10 whichever is greater
3rd	1.20%	10th +	$10.00

Sales Tax: County sales taxes range from 0.25% to 4%; for example, Jefferson 0.5%.
City sales taxes range from 1-4%; for example, Colorado Springs 2.5%.

Connecticut

Property Tax: Local property taxes levied at 70% of assessed valuation; valuation is based on the State Valuation Book. Mill rates vary from community to community.

Sales Tax: Motor vehicles sold but not registered in Connecticut for use outside the state are exempt. Tax rate based on 70% of manufacturer's sales price.

Inspection Fee: Inspections are required on automobiles ten years or older which are changing ownership or on out of state vehicles registered in Connecticut for the first time.

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

Delaware — Other Fees

Motor vehicle document fee is imposed on the sale, transfer or registration of any new or used motor vehicle or motorcycle. The fee is computed as follows:

if price is < $400, the fee is $8
if price is $400 to $500, the fee is $10
if price is > $500, the fee is $10 + $2 for every additional $100 or fraction of the price (e.g., the fee on a $10,000 automobile would be $200)

DC (Washington) — Other Fees

*Title issuance excise tax is based on the fair market value of vehicle
for automobiles less than 3,500 lbs the rate is 6%
for automobiles 3,500 lbs or more the rate is 7%

Florida — Other Fees

The additional fees are as follows:

$2.50 annual application service charge	$.50 computer service fee
$1.15 postage fee	$.50 treatment of plates
$.50 air pollution fee	

Every 5 years an additional fee of $3.00 is charged for replacement of plates.

Georgia — Property Taxes

The ad valorem tax on motor vehicles is collected at the same time tags are purchased. Tax is computed by applying a mill rate to the assessed value (40% of fair market value) of the vehicle. A tax rate of 1 mill represents a tax liability of $1 per $1,000 of assessed value. The average county and municipal mill rate is approximately 25-30 mills.

Sales Tax

State tax: motor vehicles sold to nonresidents for immediate transportation to and use in another state in which such vehicles are required to be registered are exempt. 1% local option tax (see Table XX).

Inspection Fee

Vehicles registered in Fulton, DeKalb, Cobb, and Gwinett Counties require annual emission inspection.

Hawaii — Other Fees

Annual vehicle weight tax paid to county in which vehicle is registered:

Vehicles 4,000 lbs or less	$.50/100 lb
4,001-7,000 lbs	$.55/100 lb
7,001-10,000 lbs	$.60/100 lb
over 10,000 lbs	$6.00

Operators License

Fees: Kauai $12, Maui $3, Hawaii $12, Honolulu $8.50. Kauai and Hawaii Counties also charge additional fees from $5-$12 for road tests depending upon vehicle size.

Idaho — Other Fees

The additional fees are as follows:

$1.70 per plate each time plates are issued
$1.50 administrative fee
$.75 medical fee

Illinois — Sales Tax

Motor vehicles sold and used in Illinois by nonresidents, and not titled in Illinois, are exempt if a driveaway permit is issued for the vehicle.

Vehicle use tax in lieu of sales tax.

Selling Price under $15,000

Number of Years after Model Year	Applicable Tax
1 or less	$390
2	290
3	215
4	165
5	115
6	90
7	80
8	65
9	50
10	40
Over 10	25

Selling Price of $15,000 or More

Selling Price	Applicable Tax
$15,000-$19,999	$ 750
$20,000-$24,999	1,000
$25,000-$29,999	1,250
$30,000 and over	1,500

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

Indiana — Other Fees

Vehicle excise tax:

Value	Year of Manufacture 1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th and older
up to $1,499	$12	$12	$12	$12	$12	$12	$12	$12	$12	$12
1,500-2,249	36	30	27	24	18	12	12	12	12	12
2,250-2,999	60	51	42	33	24	18	12	12	12	12
3,000-3,999	96	84	72	60	48	36	24	18	12	12
4,000-5,499	132	114	96	78	66	54	42	24	12	12
5,500-6,999	168	147	126	104	82	63	49	30	18	12
7,000-8,499	206	184	154	127	101	74	60	40	21	12
8,500-9,999	246	220	186	156	128	98	75	54	34	12
10,000-12,499	300	268	230	196	164	130	104	80	40	12
12,500-14,999	344	298	260	224	191	157	129	106	50	12
15,000-17,999	413	358	312	269	229	188	155	127	62	21
18,000-21,999	500	434	378	326	278	228	188	129	62	26
22,000-24,999	600	520	450	367	300	242	192	129	62	30
25,000-29,999	700	607	529	456	389	319	263	181	87	36
30,000-34,999	812	705	614	513	420	338	268	181	87	42
35,000-42,499	938	814	709	611	521	428	353	258	125	49
over 42,500	1,063	922	795	693	591	483	383	258	125	55

County surtax cannot be less than 2% nor more than 10% of state excise tax rate. Minimum $7.50 surtax. County rates in July 1987 were: Allen 5%, Vanderburgh 2%, Dubois, Fountain, Gibson, Howard, Marion, Monroe, Parke, Perry, Posey, Rush and Warrick 10%.

Iowa — Registration Fee

Motor vehicle fee 1% of value as fixed by the department plus $.40 for each 100 lbs or fraction thereof of weight of vehicle as fixed by the department. Minimum fee $10. After motor vehicle is more than five model years old, that part of the fee based on the value shall be: 75% of the rate as fixed when new; after six model years 50%; after eight model years 10%. $.25 additional fee for reflectorized license plates.

Sales Tax

Counties imposing the sales tax are: Dubuque, Linn, Polk, Story and Woodbury.

Kansas — Sales Tax

State sales tax is not imposed on motor vehicles sold and delivered in Kansas to nonresidents which are not registered or based in Kansas and will not remain in state more than ten days.
Counties imposing a sales tax are: Johnson 0.5%, Sedgwick 1%, Wyandotte 1%.
Cities imposing a sales tax: Kansas City 1%, Lawrence 0.5%, Overland Park 1%, Topeka 1%.

Kentucky — Sales Tax

There is a 5% use tax imposed on 90% of the manufacturer's suggested retail price to be paid at the first registration.

Property Tax

State ad valorem tax rate is $.001 per $100 of assessed value.

Inspection Fee

Motor vehicles titled for the first time are subject to a vehicle identification number inspection. Vehicles handled by Kentucky dealers are exempt.

Louisiana — Sales Tax

Parish taxes range from 1% to 5%; for example, Caddo 1.5%, Calcasieu 2.5%, Jefferson 4%, Lafayette 2%, Ouachita 2%, Rapides 2.5%, St. Tammany 4%.
City taxes range from 0.5% to 2.5%; for example, Alexandria 1%, Bossier City 1.5%, Lafayette City 2%, Lake Charles 2%, Monroe 2.5%, Shreveport 2%.

Maine — Other Fees

Excise Tax is based on the maker's list price, the rates are as follows:

First or current year	2.40%
Second	1.75%
Third	1.35%
Fourth	1.00%
Fifth	0.65%
Sixth and succeeding years	0.40%

Sales Tax

Motor vehicles purchased by nonresidents to be taken out of the state immediately are exempt from sales tax.

Maryland — Other Fees

A 5% excise tax is collected when a vehicle is titled. An excise tax credit is applied if applicant has not been a Maryland resident for more than 30 days and has paid a sales or excise tax in another state.

Massachusetts — Other Fees

The motor vehicle excise tax is collected locally, based on $25/$1,000 of the car's value. The rate is imposed on the following percentage of the manufacturer's list price:

year preceding the designated year of manufacture	50%
year of manufacture	90%
second year	60%
third year	40%
fourth year	25%
fifth and succeeding	10%

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

Michigan	Registration Fee	The second and consecutive years registration fees are 90% of the previous year's fee. The reduction in the fee ends after the fourth registration year.
	Inspection Fee	In 1987, only Wayne, Oakland and Macomb counties impose the emissions inspection fee.
Mississippi	Other Fees	County tax collectors collect the tax for the county and the state and municipal tax collectors for municipalities and municipal separate school districts. Vehicles are assessed uniformly according to valuations fixed by the state tax commission.
Missouri	Property Tax	Combined state and county property taxes range from 3.42% to 6.13%; for example, Springfield 5.08%, St. Joseph 4.22%, St. Louis 3.92%. Beginning 1/1/88, the assessed value of the vehicle is 33.3% of the average trade in value as reported in the January issue of the NADA *Official Used Car Guide.* City and town property taxes ranging from 0.217% to 1.85%; for example, Springfield 0.7%, St. Joseph 1.73%, St. Louis 1.68%; are in addition to the state and county taxes.
	Sales Tax	County and city combined rates range from 0.375% to 3%: for example, Columbia 2.25%, St. Joseph 2.125%, Springfield 1.5%, Independence 1.5%, Kansas City 2%.
	Inspection Fee	Vehicles registered in St. Louis City and in the counties of St. Charles, St. Louis, and Jefferson are subject to an emissions inspection fee of $4.50
Montana	Registration Fee	Effective July 1, 1987, registration fees are 2% of the NADA trade-in price.
	Property Tax	The fee for an automobile having a rated capacity of 3/4 of a ton or less is 2% of the average trade-in value to a minimum of $500; motorcycles $250. There is also an optional vehicle tax up to 0.5% which may be assessed by each county.
	Sales Tax	Sales tax on new passenger cars: based on F.O.B. factory or F.O.B. port of entry list price. Nonstaggered vehicles—1.5% if purchased January 1 to April 1, 1.125% April 1 to July 1, 0.75% July 1 to October 1, 0.375% October 1 to December 31. Staggered vehicles—1.5% if purchased January through October 0.09667% in November, and 1.08333% in December.
Nebraska	Property Tax	Valuation is at state level, and assessment and taxation is at the local level. The property taxes range from 2.355% to 3.666%; for example Lincoln 2.3593%, Omaha 2.607%.
	Sales Tax	City sales taxes range from 0.5% to 1.5%; for example, Lincoln 1.5%, Omaha 1.5%.
Nevada	Other Fees	The privilege tax is figured by multiplying the manufacturer's suggested retail price (less additions) by 35% multiplied by a depreciation figure multiplied by a 4% tax rate.
	Sales Tax	1.5% school support tax and 2.25% city and county relief tax. 0.25% transportation tax applicable in Washoe, Storey, Nye, Churchill, White Pine, and Carson City.
	Inspection Fee	No set fee. In Clark $18 and in Washoe $19.
New Hampshire	Other Fees	Municipal fee is based on the maker's list price: current calendar year 1.8% 1st preceding year 1.5% 2nd preceding year 1.2% 3rd preceding year 0.9% 4th preceding year 0.6% 5th preceding year and prior 0.3%
	Inspection Fee	The fees are set by each inspection station. Automobiles manufactured within six calendar years are subject to inspection once a year; automobiles older than six calendar years are subject to inspection twice a year. Emission testing in selected towns only.
New Jersey	Sales Tax	Motor vehicles sold to nonresidents are not subject to the sales tax, a 20-day permit is issued and owner must pay own state taxes.
New Mexico	Other Fees	Miscellaneous fees consist of: Administrative fee $.50 Beautification fee $.30 Emergency Medical Services Fee $1.00
New York	Sales Tax	The following are exempt from the state sales tax: the sale of a motor vehicle to a spouse or child or to nonresidents but delivered in New York. County sales taxes range from 0% to 4%; for example Albany 3%, Broome 3%, Chautauqua 3%, Dutchess 1%, Erie 4%, Monroe 3%, Nassau 3.75%, Niagara 3%, Oneida 3%, Onondaga 3%, Orange 2%, Rensselaer 3%, Rockland 2%. St. Lawrence 3%, Saratoga 3%, Suffolk 3.25%, Ulster 3%, Westchester 1.5% City sales taxes range from 0% to 4.25%; for example, Mount Vernon 2.5%, New Rochelle 1.5%, New York City 4.25%, Schenectady 2.5%, Utica 1.5%, Yonkers 2.5%.

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

North Carolina

Property Tax — County property taxes range from 0.45% to 1%; for example, Alamance 0.45%, Buncombe 0.74%, Cumberland 0.85%, Durham 0.92%, Forsyth 0.599%, Gaston 0.7461%, Guilford 0.82%, New Hanover 0.710%, Onslow 0.54%, Randolph 0.42%, Rowan 0.48%, Wake 0.66%. City property taxes range from 0.27% to 0.85%; for example, Asheville 0.68%, Charlotte 0.6275%, Durham 0.64%, Fayetteville 0.6%, Greensboro 0.6375%, High Point 0.61%, Raleigh 0.66%, Winston-Salem 0.61%.

Sales Tax — Motor vehicles sold to nonresidents for immediate transportation to and use in another state in which such vehicles are required to be registered are exempt from sales tax. The state sales tax may not exceed $300.00.

North Dakota

Registration Fee

weight	1-5 years	6-8 years	9-11 years	year 12 & thereafter
less than 3,200 lbs	$49.00	$41.00	$33.00	$25.00
3,200 lbs to 4,499 lbs	69.00	57.00	45.00	33.00
4,500 lbs to 4,999 lbs	87.00	70.00	55.00	39.00
5,000 lbs to 5,999 lbs	118.00	96.00	74.00	52.00
6,000 lbs to 6,999 lbs	151.00	122.00	93.00	65.00
7,000 lbs to 7,999 lbs	184.00	148.00	113.00	78.00
8,000 lbs to 8,999 lbs	217.00	175.00	133.00	91.00
9,000 lbs or more	250.00	201.00	153.00	104.00

The $15.00 motorcycle fee is the total of a $10.00 registration fee and a $5.00 safety course fee. $2 abandoned vehicle fee on all automobiles and trucks payable on first registration.

Ohio

Registration Fee — Issuance fee is $1.50, reflectorized plates $.50, and county identification $.25.

Sales Tax — Motor vehicles sold to nonresidents are not subject to sales tax. Counties imposing a 0.5% sales tax are: Butler, Franklin, Hamilton, Lorain, Mahoning, Medina, Montgomery, Summit, Warren. Counties imposing a 1% sales tax are: Allen, Ashtabula, Clark, Clermont, Cuyahoga, Greene, Licking, Lucas, Portage. Cuyahoga imposes an additional 1% transit sales and use tax.

Other Fees — County and cities may levy an additional tax of $15.

Oklahoma

Registration Fee — The $17.25 flat fee includes a $1.75 administration fee and a $1 driver education fee. There is an additional fee of 1.25% of the factory delivered price for the first year, and then each year after, 90% of previous year's fee up to the 12th year, the 13-20th years' fees are equal to the 12th year's.

Other Fees — An excise tax of 3.25% of the factory list price (for used cars the value is equal to 65% of the list price for the second year and 65% of the previous year's value for each year until it reaches a minimum value of $250), is imposed at time of sale or upon transfer of title.

Oregon

Inspection Fee — The initial titling of vehicle previously titled in another state or vehicle that has been wrecked and rebuilt is subject to an inspection. In the Portland metro area and Jackson County, the state imposes a $7 biennial fee for mandated emission testing at reregistration. This fee pays for the testing program and does not go to local government.

Pennsylvania

Inspection Fee — The state does not set a fee; the average fee is $14. Emission inspection required in metro areas of Philadelphia, Pittsburgh, and Allentown/Bethlehem/Easton.

Rhode Island

Other Fees — The excise tax is an annual tax based on the value of the vehicle determined in accordance with the annual vehicle value list. The rate is the same as the property tax rate administered by cities and towns. The rates range from 1.914% to 7.93%. For example, Bristol 2.324%, Cranston 2.82. The 1988 tax is based on manufacturer's suggested retail price. 1981-87—NADA average retail value. 1971-80—NADA average of wholesale and retail values. 1970—95% of 1971 average value, 1969—90%, 1968—85%, 1967—80%, 1966—75%, 1965—70%, 1964—65%.

South Dakota

Registration Fee — The rate for vehicles five or more years old is 30% less than rates listed.

Tennessee

Other Fees — A wheel tax is imposed by some counties annually. The range is from $5.50 to $35.50; for example, Nashville (Davidson County) $25.

$1 reflectorized tag fee. $1.25 county clerk fee.

Sales Tax — County and city sales taxes range from 1% to 2.75%; for example, Hamilton 1.75%, Knox 1.5%, Shelby 2.25%, Sullivan 2.25%, and for cities; Chattanooga 1.75%, Clarksville 2.25%, Knoxville 1.5%, Memphis 2.25%, Nashville 2.25%.

Texas

Registration Fee — The fees are based on age for vehicles 6,000 pounds or less, the rates are:

for a model year six or more years from date of annual registration	$40.50
for a model year more than three years but less than six years	$50.50
for a model year 3 years or less	$58.50
for a vehicle over 6,000 lbs, irrespective of model year	$25.00

Table 42 (cont.)

Automobile Taxes and Fees, September 1988

Texas *(cont.)*	Other Fee	Some counties charge an additional $5 road and bridge fee.
	Sales Tax	Most cities impose the tax, all cities with a population of 50,000 or more do so.
Utah	Other Fees	Reflectorized tag fee is $4 and automobile driver education fee is $2.
	Inspection Fee	Emission inspection for Salt Lake, Davis, and Utah Counties.
	Property Tax	City property taxes range from 5.610% to 9.091%; for example, Ogden 8.995%, Salt Lake City 8.745%. Each county has a tax base or mill levy from which taxes are computed based on the market value.
	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt. Davis 6.25%, Salt Lake County 6.25%, Utah 6.25%.
Vermont	Sales Tax	One time fee of 4% based on NADA blue book value.
Virginia	Property Tax	County property taxes range from 1% to 7.2%; for example, Arlington 4.5%. City property taxes range from 0.06% to 5.5%; for example, Chesapeake 4%, Hampton 4.4%, Newport News 4.25%, Norfolk 4%, Roanoke 3.45%.
Washington	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt. County sales tax range from 0.05% to 1.6%. All counties impose a tax.
	Inspection Fee	Inspection is required at the time of original title application for vehicles previously titled or licensed in another state. Annual emission testing inspection is required in Seattle (King County) and Spokane areas.
Wisconsin	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt. The following counties impose the 0.5% sales tax: Barron, Buffalo, Dunn, Iowa, Jackson, Lincoln, Marathon, Oneida, Rusk, Sawyer, St. Croix, Walworth.
Wyoming	Other Fees	The county tax is 3% on the following base value: 60% of factory price in 1st year service 50% 2nd 40% 3rd 30% 4th 20% 5th 15% thereafter
	Sales Tax	County sales taxes range from 1% to 2%. No counties with a population of 100,000 or more impose the tax.

Source: Commerce Clearing House, *State Tax Guide* (September 1988), the National Automobile Dealers Association, and survey of state departments of motor vehicles, Summer 1987.

Table 43

Dates of Adoption of Major State Taxes[1]

Individual Income*

Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 Total, 1	Wisconsin, 1911 Mississippi, 1912 Oklahoma, 1915 Massachusetts, 1916 Virginia, 1916 Delaware, 1917 Missouri, 1917 New York, 1919 North Dakota, 1919 Total, 9	North Carolina, 1921 South Carolina, 1922 New Hampshire, 1923[2] Arkansas, 1929 Georgia, 1929 Oregon, 1930 Total, 6	Idaho, 1931 Tennessee, 1931[2] Utah, 1931 Vermont, 1931 Alabama, 1933 Arizona, 1933 Kansas, 1933 Minnesota, 1933 Montana, 1933 New Mexico, 1933 Iowa, 1934 Louisiana, 1934 California, 1935 Kentucky, 1936 Colorado, 1937 Maryland, 1937 Total, 16	Alaska, 1949 Total, 1	West Virginia, 1961 Indiana, 1963 Michigan, 1967 Nebraska, 1967 Connecticut, 1969[3] Illinois, 1969 Maine, 1969 Ohio, 1971 Pennsylvania, 1971 Rhode Island, 1971 New Jersey, 1976 Total, 11 **Repealed** Alaska, 1979 Broad-based tax, 40 Grand Total, 43

* States without an individual income tax: Alaska; Florida; Nevada; South Dakota; Texas; Washington; Wyoming. States with limited tax: Connecticut (capital gains, interest, and dividends); New Hampshire (interest and dividends); Tennessee (interest and dividends).

Corporation Income*

Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 Total, 1.	Wisconsin, 1911 Connecticut, 1915 Virginia, 1915 Missouri, 1917 Montana, 1917 New York, 1917 Massachusetts, 1919 North Dakota, 1919 Total, 8	Mississippi, 1921 North Carolina, 1921 South Carolina, 1922 Tennessee, 1923 Arkansas, 1929 California, 1929 Georgia, 1929 Oregon, 1929 Total, 8	Idaho, 1931 Oklahoma, 1931 Utah, 1931 Vermont, 1931 Alabama, 1933 Arizona, 1933 Kansas, 1933 Minnesota, 1933 New Mexico, 1933 Iowa, 1934 Louisiana, 1934 Pennsylvania, 1935 Kentucky, 1936 Colorado, 1937 Maryland, 1937 Total, 15	Rhode Island, 1947 Alaska, 1949 Delaware, 1957 New Jersey, 1958 Total, 4	Indiana[5], 1963 Michigan, 1967[4] Nebraska, 1967 West Virginia, 1967 Illinois, 1969 Maine, 1969 New Hampshire, 1970 Florida, 1971 Ohio, 1971 Total, 9 **Repealed** Michigan[4], 1976 Grand Total, 44

* States without a corporation income tax: Nevada; South Dakota; Texas; Washington; Wyoming. Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax which is a modified value-added tax.

General Sales*

1931-40	1941-50	1951-60	Since 1961
Mississippi, 1932—Arizona, 1933 California, 1933—Illinois, 1933 Indiana[5], 1933—Iowa, 1933 Michigan, 1933—New Mexico, 1933 North Carolina, 1933—Oklahoma, 1933 South Dakota, 1933—Utah, 1933 Washington, 1933—West Virginia, 1933 Missouri, 1934—Ohio, 1934 Arkansas, 1935—Colorado, 1935 Hawaii, 1935—North Dakota, 1935 Wyoming, 1935—Alabama, 1936 Kansas, 1937—Louisiana, 1938 Total, 24	Connecticut, 1947 Maryland, 1947 Rhode Island, 1947 Tennessee, 1947 Florida, 1949 Total, 5	Georgia, 1951 Maine, 1951 South Carolina, 1951 Pennsylvania, 1953 Nevada, 1955 Kentucky, 1960 Total 6	Texas, 1961 Wisconsin, 1961 Idaho, 1965 New York, 1965 Massachusetts, 1966 New Jersey, 1966 Virginia, 1966 Minnesota, 1967 Nebraska, 1967 Vermont, 1969 Total, 10 Grand Total, 45

* States without a general sales tax: Alaska; Delaware; Montana; New Hampshire; Oregon.

Table 43 (cont.)

Dates of Adoption of Major State Taxes[1]

Gasoline

1911-20	1921-30	Since 1931
Colorado, 1919 New Mexico, 1919 North Dakota, 1919 Oregon, 1919 Kentucky, 1920 Total, 5	Arizona, 1921—Arkansas, 1921—Connecticut, 1921 Florida, 1921—Georgia, 1921—Louisiana, 1921—Montana, 1921 North Carolina, 1921—Pennsylvania, 1921—Washington, 1921 Maryland, 1922—Mississippi, 1922—South Carolina, 1922 South Dakota, 1922—Alabama, 1923—California, 1923 Delaware, 1923 —Idaho, 1923—Indiana, 1923—Maine, 1923 Nevada, 1923—New Hampshire, 1923—Oklahoma, 1923 Tennessee, 1923—Texas, 1923—Utah, 1923—Vermont, 1923 Virginia, 1923—West Virginia, 1923—Wyoming, 1923—Iowa, 1925 Kansas, 1925—Michigan, 1925—Minnesota, 1925—Missouri, 1925 Nebraska, 1925—Ohio, 1925—Rhode Island, 1925 Wisconsin, 1925—Illinois, 1927—New Jersey, 1927 Massachusetts, 1929—New York, 1929 Total, 43	Hawaii, 1932 Alaska, 1946 Total, 2 Grand Total, 50

Cigarettes

1921-30	1931-40	1941-50	1951-60	Since 1961
Iowa, 1921 South Carolina, 1923 South Dakota, 1923 Utah, 1923 Tennessee, 1925 Kansas, 1927 North Dakota, 1927 Arkansas, 1929 Total, 8	Ohio, 1931—Texas, 1931 Louisiana, 1932—Mississippi,1932 Oklahoma, 1933—Alabama,1935 Arizona, 1935—Connecticut, 1935 Washington, 1935—Kentucky, 1936 Georgia, 1937—Pennsylvania, 1937 Vermont, 1937—Hawaii, 1939 Massachusetts, 1939 New Hampshire, 1939—New York, 1939 Rhode Island, 1939—Wisconsin, 1939 Total, 19	Illinois, 1941 Maine, 1941 Delaware, 1943 Florida, 1943 New Mexico, 1943 Idaho, 1945 Indiana, 1947 Michigan, 1947 Minnesota, 1947 Montana, 1947 Nebraska, 1947 Nevada, 1947 West Virginia, 1947 New Jersey, 1948 Alaska, 1949 Total, 15	Wyoming, 1951 Missouri, 1955 Maryland, 1958 California, 1959 Virginia, 1960 Total, 5	Colorado, 1964 Oregon, 1965 North Carolina, 1969 Total, 3 Grand Total, 50

Distilled Spirits

1933-40	Since 1941
Arizona, 1933—Colorado, 1933—Delaware, 1933—Indiana, 1933—Maryland,1933—Massachusetts, 1933 New Jersey, 1933—New York, 1933—Rhode Island, 1933—Illinois, 1934—Kentucky, 1934—Louisiana, 1934 Minnesota, 1934—Missouri, 1934—New Mexico, 1934—Wisconsin, 1934—Arkansas, 1935—California, 1935 Florida, 1935—Nebraska, 1935—Nevada, 1935—South Carolina, 1935—South Dakota, 1935—Texas, 1935 North Dakota, 1936—Connecticut, 1937—Georgia, 1937—Hawaii, 1939—Tennessee, 1939 Total[6], 29	Alaska, 1959 Kansas, 1948 Oklahoma, 1959 Mississippi, 1966 Total, 4 Grand Total[6], 33

[1] Excludes the District of Columbia, where the dates of adoption were: individual income, 1939; corporation income, 1939; general sales, 1947; distilled spirits, 1934; cigarettes, 1949; and gasoline, 1924.

[2] Interest and dividends only.

[3] Capital gains, interest, and dividends only.

[4] Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax.

[5] Gross income tax—in 1963 Indiana enacted a 2 percent retail sales and use tax.

[6] Exclusive of the excises by the 16 states that own and operate liquor stores, and exclusive of North Carolina where county stores operate under state supervision.

Source: ACIR staff compilation based on Commerce Clearing House, *State Tax Reporter.*

Table 44

Representative Tax System *Tax Capacity* Indices for 1986 and Selected Prior Years[1]

State and Region	1986	1985	1984	1983	1982	1981	1980	1979	1977	1975	1967
U.S. Average	100	100	100	100	100	100	100	100	100	100	100
New England											
Connecticut	135	127	124	124	117	110	112	109	112	110	117
Maine	95	89	88	90	84	79	80	80	82	84	81
Massachusetts	124	113	111	107	101	96	96	93	95	98	98
New Hampshire	119	112	110	108	100	95	97	96	102	102	110
Rhode Island	92	88	86	86	81	80	84	84	87	88	91
Vermont	99	97	95	94	89	84	84	85	93	94	88
Mideast											
Delaware	121	123	123	118	115	111	111	110	120	124	123
DC (Washington)	122	123	120	117	115	111	111	110	123	118	121
Maryland	108	105	105	99	100	98	99	99	101	101	101
New Jersey	121	117	114	112	106	105	105	102	106	109	107
New York	107	101	98	95	92	89	90	89	94	98	108
Pennsylvania	90	89	88	88	89	90	93	93	99	98	91
Great Lakes											
Illinois	96	96	97	98	99	104	108	112	112	112	114
Indiana	87	87	87	86	89	91	92	98	100	98	99
Michigan	96	94	93	90	93	96	97	104	103	101	104
Ohio	91	91	90	89	92	94	97	101	104	104	100
Wisconsin	86	89	89	87	87	91	95	100	99	98	94
Plains											
Iowa	84	84	87	91	96	102	105	108	105	106	104
Kansas	96	99	100	102	106	109	109	109	105	109	105
Minnesota	102	101	101	97	99	100	102	105	100	97	95
Missouri	93	91	89	89	91	92	94	97	96	96	97
Nebraska	91	94	93	101	97	97	97	100	101	106	110
North Dakota	94	102	106	111	115	123	108	109	99	101	92
South Dakota	78	82	83	87	87	86	90	95	91	94	91
Southeast											
Alabama	74	75	73	75	74	74	76	76	77	77	70
Arkansas	73	74	75	78	79	82	79	77	78	78	77
Florida	105	103	105	103	104	101	100	100	101	102	104
Georgia	94	90	89	87	84	81	82	81	84	86	80
Kentucky	76	78	77	79	82	82	83	85	83	85	80
Louisiana	90	97	102	107	113	117	109	104	99	97	94
Mississippi	65	69	70	68	71	72	69	70	70	70	64
North Carolina	88	86	87	87	82	80	80	82	83	85	78
South Carolina	79	77	77	76	74	75	75	76	77	77	64
Tennessee	84	83	81	80	77	79	79	81	83	84	78
Virginia	101	98	96	96	94	94	95	93	91	93	86
West Virginia	76	77	79	87	92	90	94	92	90	89	75
Southwest											
Arizona	99	99	99	97	96	89	89	91	89	92	95
New Mexico	91	99	103	108	115	114	107	103	98	97	94
Oklahoma	98	105	113	115	126	127	117	108	101	98	102
Texas	104	111	117	124	130	132	124	117	112	111	98
Rocky Mountain											
Colorado	117	118	121	122	121	113	113	110	107	106	104
Idaho	77	78	78	83	86	87	87	91	88	89	91
Montana	88	90	95	105	110	114	112	113	103	103	105
Utah	80	81	81	82	86	86	86	87	88	86	87
Wyoming	151	169	181	182	201	216	196	173	154	154	141
Far West*											
California	118	120	119	119	116	115	117	116	114	110	124
Nevada	147	146	146	147	151	148	154	154	148	145	171
Oregon	93	95	94	95	99	99	103	106	104	100	106
Washington	98	101	99	101	102	99	103	103	100	98	112
Alaska	177	259	250	272	313	324	260	217	158	155	99
Hawaii	113	117	118	114	117	105	107	103	107	109	99

*Excludes Alaska and Hawaii.

[1] Tax capacity is the amount of revenue each state would raise if it applied a national average set of tax rates to 26 commonly used tax bases. The index above is the per capita tax capacity divided by the per capita average for all states, with the index for the average set at 100. For a more complete explanation see publication cited below.

Source: ACIR, *Fiscal Capacity of the States: 1988* (1986 data), forthcoming, February 1989.

Table 45

Representative Tax System *Tax Effort* Indices for 1986 and Selected Prior Years[1]

State and Region	1986	1985	1984	1983	1982	1981	1980	1979	1977	1975	1967
U.S. Average	100.0	100	100	100	100	100	100	100	100	100	100
New England											
Connecticut	94	99	99	96	99	103	100	102	103	99	93
Maine	99	104	105	100	107	113	111	110	100	104	105
Massachusetts	103	106	105	112	119	134	135	144	133	129	121
New Hampshire	62	65	69	69	75	74	75	78	73	75	81
Rhode Island	111	118	123	126	133	130	123	121	114	112	105
Vermont	91	93	94	95	102	105	104	110	104	108	119
Mideast											
Delaware	81	80	77	82	84	87	89	96	80	84	90
DC (Washington)	143	138	139	146	145	145	131	132	118	94	90
Maryland	99	101	100	107	106	107	109	109	105	106	103
New Jersey	103	105	109	109	113	112	112	118	113	103	97
New York	152	156	158	163	170	171	167	171	168	160	138
Pennsylvania	101	102	105	105	106	105	104	105	94	93	99
Great Lakes											
Illinois	106	106	110	107	107	105	102	99	96	99	84
Indiana	94	96	95	89	88	88	84	84	83	92	95
Michigan	118	120	129	128	120	116	116	113	109	106	100
Ohio	103	103	105	103	94	89	87	86	78	80	82
Wisconsin	134	128	133	137	128	120	116	118	113	115	124
Plains											
Iowa	113	112	112	109	105	98	96	93	90	93	10
Kansas	96	96	95	92	88	87	88	87	89	85	96
Minnesota	108	119	124	124	111	109	111	115	112	117	119
Missouri	82	84	85	87	82	81	84	82	80	84	86
Nebraska	96	93	99	94	93	95	102	98	98	85	78
North Dakota	89	92	93	81	83	74	79	78	88	92	97
South Dakota	95	87	87	85	91	93	88	84	87	87	107
Southeast											
Alabama	86	87	90	87	87	91	85	86	79	79	89
Arkansas	91	91	87	83	81	79	86	81	78	78	83
Florida	77	76	74	75	72	73	74	78	73	74	84
Georgia	89	90	89	93	96	97	96	96	89	89	92
Kentucky	89	87	89	91	88	88	89	87	84	84	85
Louisiana	91	93	81	81	82	77	78	82	79	87	90
Mississippi	97	93	95	95	92	95	96	97	94	96	98
North Carolina	92	93	89	88	94	95	97	91	87	86	94
South Carolina	94	95	95	96	96	95	95	91	86	85	97
Tennessee	84	82	81	82	86	87	84	87	82	79	87
Virginia	85	87	88	89	90	90	88	88	88	87	90
West Virginia	98	103	100	88	86	83	82	82	80	85	96
Southwest											
Arizona	99	97	95	91	92	106	117	115	110	108	109
New Mexico	88	86	85	79	82	89	83	85	77	85	92
Oklahoma	85	84	76	80	78	73	72	74	72	73	80
Texas	79	76	69	67	66	65	65	64	68	68	75
Rocky Mountain											
Colorado	83	85	82	79	81	84	90	96	95	90	106
Idaho	90	90	91	87	85	87	88	90	89	90	105
Montana	103	107	101	94	97	92	92	88	94	92	93
Utah	107	109	106	98	97	97	101	99	91	89	111
Wyoming	117	108	105	113	105	73	74	83	82	70	79
Far West*											
California	95	94	93	92	99	100	102	95	117	119	108
Nevada	65	64	65	64	63	62	60	65	62	70	71
Oregon	98	101	103	103	95	101	93	93	92	96	101
Washington	103	95	103	104	93	92	94	96	94	101	106
Alaska	168	128	141	166	180	184	166	129	130	76	104
Hawaii	105	99	99	108	105	126	124	128	115	119	135

*Excludes Alaska and Hawaii.

[1] Tax effort is the ratio of a state's actual tax collections to its tax capacity. The relative index of tax effort is created by dividing each state's tax effort by the average for all states. 100 is the index for the U.S. average.

Source: ACIR, *Fiscal Capacity of the States: 1988* (1986 data), forthcoming, February 1989.

Table 46

State Budget Cycle and Fiscal Year Schedule

Annual Legislative Sessions and Annual Budget Cycles

Alabama	Delaware	Maryland	New Jersey	South Carolina
Alaska	Georgia	Massachusetts	New Mexico	South Dakota
Arizona	Idaho	Michigan	New York	Tennessee[1]
California	Illinois	Mississippi	Oklahoma	Utah
Colorado	Kansas	Missouri	Pennsylvania	West Virginia
Connecticut	Louisiana	Nebraska	Rhode Island	

Biennial Legislative Sessions and Biennial Budget Cycles

Arkansas	Montana	North Carolina[1] [2]	Oregon[3]	Texas[3]
Kentucky[4]	Nevada	North Dakota[3]		

Annual Legislative Sessions and Biennial Budget Cycle

Florida	Iowa	New Hampshire	Virginia[4]	Wisconsin
Hawaii	Maine	Ohio	Washington[2]	Wyoming[4]
Indiana	Minnesota[1]	Vermont[5]		

Note: Unless otherwise noted, biennial budget states make appropriations for each fiscal year separately and begin their two-year budget cycles in odd-numbered years.

[1] Technically a biennial session, but in practice meets annually.

[2] Appropriations are made for the biennium, but reviewed annually.

[3] Appropriations are made for the biennium.

[4] Biennial budget cycle begins in even-numbered years.

[5] In 1979 language was included in the appropriations bill allowing the governor to submit an annual or biennial budget depending on the discretion of the governor.

State Fiscal Year Schedule

All state fiscal years begin on July 1 except for Alabama (October 1), Michigan (October 1), New York (April 1) and Texas (September 1).

NOTE: Since 1969, ten states have changed their budgeting cycle. Hawaii, Vermont, and Florida, have changed from annual to biennial budgets. In that same time, Connecticut, Idaho, Illinois, Missouri, and Nebraska have all gone from biennial to annual budgets. Indiana experimented with annual operating budgets in fiscal years 1975-76 and 1976-77, but operated with a biennial capital and highway budget. It returned to full biennial budgeting in 1977.

Currently, 29 states have annual budgets and annual legislative sessions. Another eight states have biennial budgets with biennial sessions, and thus lack any opportunity for annual changes or revisions. (The exception is Oregon, whose joint Ways and Means committees meet during the interim as the Emergency Board, a constitutional board with authority over supplemental appropriations, federal funds, and transfers.) The remaining 13 states have biennial budgets, but meet annually. This last group has some review of the budget annually, but it varies from full reviews to occasional amendments.

Of those states with biennial budgets, only North Carolina, North Dakota, Oregon, Texas, Washington, and Wyoming actually make appropriations for the full biennium rather than by fiscal year, and North Carolina, Washington, and Wyoming review the budget for possible changes annually.

Source: National Conference of State Legislatures, Denver, CO.

Table 47

State Constitutional Limitations on State Borrowing, 1986

State	Legislative Borrowing Power Limits: No Limitation	For Casual Deficits or Extraordinary Expenses Only	For Any Other Purpose	Referendum Required to Create Debt	Exceptions to Limits: Referendum Required to Exceed Limit	Limit May Be Exceeded: For Refunding	For Defense of State or Nation	For Other Purposes	Per Capita Total State Debt 1985
United States									$889.92
Alabama		$300,000(1)	(1)	(1)		X	X(2)		805.73
Alaska	X			X		X(31)	X(3)	X(32)	10,925.34
Arizona		350,000					X		214.59
Arkansas				X		X			349.60
California			$300,000		X(4)		X		609.01
Colorado		100,000	50,000		X(5)		X	X(6)	470.59
Connecticut	X		(7)						2,012.97
Delaware	X(8)					X	X		2,944.57
Florida			(9)	X(4)		X			441.18
Georgia		(10)	(10)						361.04
Hawaii			(11)			X	X		2,570.77
Idaho			2,000,000		X(4)		X		626.12
Illinois	X(12)	(13)		X(14)					848.48
Indiana		(15)					X		314.66
Iowa		250,000			X(4)		X	(33)	459.62
Kansas			1,000,000		X(4)		X	(34)	130.15
Kentucky		500,000			X(4)	X	X		975.11
Louisiana	X(2)								1,806.44
Maine		(16)	2,000,000		X		X	X(17)	1,052.06
Maryland	X(3,35)						X	X(18)	1,159.17
Massachusetts	X(2)						X	X(2,18)	1,734.96
Michigan		(19)		(36)					649.64
Minnesota	X(12)								835.35
Mississippi		(20)							385.35
Missouri		1,000,000			X(4)	X			660.05
Montana	X(2)								901.34
Nebraska		100,000					X		640.14
Nevada			(21)				X		1,184.29
New Hampshire	X(3)								1,983.21
New Jersey			(22)		X(4,37)		X		1,767.37
New Mexico		200,000	(21)	(38)			X	X(39)	881.00
New York				X(4)		X	X	X(18)	1,819.45
North Carolina		(15)	(23)		X	X	X	X(18)	344.78
North Dakota		2,000,000	(4)				X	X	855.28
Ohio		750,000				X	X	X	763.59
Oklahoma		500,000		X(4)		X	X	X(40)	1,084.94
Oregon			50,000(24)				X	X(25)	2,458.15
Pennsylvania				X(26)		X	X	X(18)	614.97
Rhode Island			50,000		X		X	X(18)	2,907.15
South Carolina		(41)		X(27,4)				(42)	1,016.69
South Dakota		100,000	(21)			X	X		1,534.53
Tennessee	X(3)								401.80
Texas		200,000				X	X		317.20
Utah			(21)				X		810.52
Vermont	X(3)								1,658.72
Virginia		(28)	(28)	X(28)			X	X(28)	581.30
Washington		(15)	(29,12)	X	X		X		687.22
West Virginia		(15)				X	X		841.09
Wisconsin			(21)				X		936.77
Wyoming			(21)		X(30)		X		1,486.86

Table 47 (cont.)

State Constitutional Limitations on State Borrowing, 1986

Notes

1—Governor authorizes debt up to $300,000. Specific bond issues are authorized by Constitutional amendment.

2—Requires approval by two-thirds of each house of legislature.

3—Requires approval by simple legislative majority.

4—Provision must be made for payment of interest and/or principal at time of borrowing.

5—Refers solely to receipts from 3-mill levy against state-assessed valuation for erection of state buildings.

6—May create additional debt for purposes of highway construction and improvement.

7—Debt is not to exceed 4.5 times the total tax receipts of the state during the previous fiscal year (statutory).

8—Requires approval by 75% of legislature.

9—Outstanding principal not to exceed 50% of total state tax revenue (excluding trust revenues) for two preceding fiscal years.

10—Debt service requirements may not exceed 10% of total revenue receipts, less refunds, in immediately preceding fiscal year in which debt is incurred.

11—General obligation bonds may be issued by the state when authorized by majority vote of the members to which each house of the legislature is entitled, provided that such bonds at the time of issuance would not cause the total amount of the principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed 18.5% of the average of the general fund revenues of the state in the three fiscal years preceding such issuance.

12—Requires approval of 60% of legislature.

13—In an amount not to exceed 15% of state appropriations for the fiscal year to meet deficits caused by emergencies of failures of revenue; such debt to be repaid within one year of the date it is incurred.

14—Alternative to 60% of the legislature.

15—May borrow for this purpose but no maximum specified.

16—Temporary loans may not exceed 10% of the amount appropriated for general and highway fund purposes or 1% of the total valuation of the State of Maine, whichever is less.

17—The legislature is authorized to insure debt for specified purposes (mortgage loans for industrial, manufacturing, fishing and agricultural enterprises—up to $90 million; for house acquisition and/or improvements of the two tribes on the Indian reservations—up to $1 million; for resident Maine veteran mortgage loans—up to $4 million; and revenue bonds of the Maine School Building Authority—up to $6 million) and may authorize the issuance of state bonds if it becomes necessary to make payments on such insured debt.

18—For tax or revenue anticipation loans.

19—Short-term cash flow borrowings of less than one year which are limited to 15% of undedicated revenue received by the state during the preceding fiscal year, borrowing for the state's qualified school bond loan program, and transportation bonds pledging taxes on fuels sold for transportation purposes.

20—Bonded indebtedness cannot be in excess of 1.5 times the sum of all revenue collected in the state during any one of the four preceding fiscal years, whichever year might be greater.

21—Not to exceed 1% of assessed valuation of all property subject to taxation as shown by preceding general assessment.

22—Limitation of 1% of total annual appropriation.

23—Creation of debt limited to two-thirds the amount by which the state's outstanding indebtedness has been reduced during the preceding biennium.

24—Debt created for rehabilitation and acquisition of forest lands may not exceed 3/16 of 1% of the cash value of all state property taxed on ad valorem basis.

25—Debt created for forest lands may not exceed 3/16 of 1% of market value of all state property taxed on ad valorem basis. May be exceeded for road construction and maintenance with limits set by percent of assessed value.

26—Referendum not required for capital projects specifically itemized in a capital budget if such debt will not cause the amount of all net debt outstanding to exceed 1.75 times the average of the annual tax revenues deposited in the previous five years.

27—Referendum not required for debt created for "ordinary purposes of state government." Any referendum requires two-thirds approval.

28—Limitation for casual deficit in terms of state income and sales tax revenues for the preceding year. Limitation on general obligation debt backed by full faith and credit for capital projects in terms of average annual state income and sales tax revenue for the three prior fiscal years, subject to a simple majority of each house and referendum on projects. Self-liquidating debt with backing of full faith and credit may be issued without referendum if approved by 2/3 majority of each house of the legislature, subject to the limitation of the annual average income and retail sales revenue for the three preceding fiscal years. No limit on debt obligations to which full faith and credit is not pledged or committed.

29—Aggregate debt contracted shall not exceed that amount for which principal and interest payments in any one fiscal year would require the state to expend more than 9% of its average general state revenues for the three immediately preceding fiscal years.

30—Referendum required for creation of debt in excess of amount of taxes for current fiscal years.

Table 47 (cont.)

State Constitutional Limitations on State Borrowing, 1986

31—Only debt outstanding on 1/3/59 when Constitution became effective.

32—A simple legislative majority may authorize debt to meet natural disasters.

33—By judicial interpretation, obligations issued in anticipation of and paid from tax revenues in the same General Assembly biennial period are not considered debt under the Iowa constitutional limitation.

34—State may issue revenue bonds for state highways, flood control, and water resources.

35—Every law authorizing a state debt must provide for discharge of principal within 15 years.

36—Requires approval by two-thirds of each house of the legislature and a majority of the electors voting thereon at any general election, except for short-term borrowing, qualified school bond loan bonds, and transportation bonds pledging fuel taxes.

37—Voter approval not required for refinancings resulting in debt service savings which are to be applied to payment of principal.

38—For over $200,000.

39—Not to exceed 1% of assessed valuation of all property subject to taxation as shown by preceding general assessment.

40—State Industrial Finance Authority may issue up to $90 million of general obligation bonds for industrial loans.

41—Limited to 5% of prior year general fund revenue.

42—Can be exceeded for nonrecurring purposes by two-thirds vote of both houses.

Source: ACIR staff with the assistance of state attorneys general and other state officials.

Table 48

State Constitutional and Statutory Limitations on Local Government Power to Issue General Obligation Long-Term Debt, 1986

State and Types of Local Government	Rate Limit: Citation	Rate Limit: Percent	Rate Limit: Applied Against	Rate Limit: Provisions for Exceeding Limit	Remarks
Alabama					
Counties	C-S	5	LAV	None	[1]Many exceptions are provided by constitutional amendments and statutes applicable to individual local governments.
Municipalities	C-S	20[1]	LAV	None	
Alaska	C	No Limits	No Limits	M[1]	[1]General obligation debt may be authorized only for capital improvements.
Arizona					
Counties	C	6	EAV	M[1]	[1]But in no case to exceed 15% of equalized assessed valuation.
Municipalities	C	6	EAV	M[2]	[2]Up to 20% additional for water supply, sewers, and lighting, and for the acquisition and development of land or interest therein for open space preserves, parks, playgrounds and recreational facilities.
School Districts	C	6	EAV	M[1 3]	[3]Unified school districts may become indebted to an amount not exceeding 30% of the taxable value within the district.
Arkansas					
Counties	None	No Limits[1]	No Limits[1]	NA	[1]Limited only as to the maximum allowable property tax rate for debt service.
Municipalities	None	No Limits[1]	No Limits[1]	NA	[2]By permission of State Board of Education limit may be raised not to exceed 13% of total assessed valuation.
School Districts	S	15	LAV	[2]	
California					
Counties	C	No Limits[1]	No Limits[1]	2/3 vote	[1]Limited only in that general obligation bonds must be approved by a 2/3 vote of those voting in a local election.
Municipalities	C	No Limits[1]	No Limits[1]	2/3 vote	
School Districts	C	No Limits[1]	No Limits[1]	2/3 vote	
Colorado					
Counties and School Districts	None	NA	NA	NA	
Municipalities	S[1]	NA	NA	NA	[1]Chartered and home rule municipalities may establish their own limits.
Connecticut	None	No Rate Limitations[1]	No rate Limitations[1]	NA	[1]Debt restricted to 2.25 times the latest tax receipts. This limit can be increased for certain purposes (e.g., sewers, school building projects and urban renewal projects). Certain kinds of debt (e.g., water supply, gas, electric, and transit) are excluded from this limit.
Delaware					
New Castle County[1]	S	3	LAV	None	[1]Requires 75% approval of County Council.
Sussex County[2]	S	12	LAV	None	[2]Requires 80% approval of County Council.
Kent County[3]	S	12	LAV	None	[3]Requires 5/7 approval of County Levy Court.
Florida	None	No Limits	No Limits	NA	
Georgia:					
Counties	C	10	LAV	NA	[1]Local school systems which are authorized by law on June 30, 1983, to incur debt in excess of 10% may continue to do so.
Municipalities	C	10	LAV	NA	
School Districts	C	10[1]	LAV	NA	
Hawaii					
Counties	C	15	LAV	None	

Idaho					[1]Debt incurred in any year cannot exceed revenue for fiscal year without approval by a 2/3 majority of the voters on the issue.
Counties	C	No Limits[1]	No Limits[1]	None	
Municipalities	C	2	MV	None	
School Districts	C	2	MV	None	
Illinois					[1]With specified exceptions. [2]Does not apply to home rule municipalities which set own limits. [3]K-12 Special Districts Townships.
Counties	S	2.875[1]	EAV	None	
Municipalities	S	8.625[1],[2]	EAV	None	
School Districts	S	13.8a,[3]	EAV	None	
Special Districts	S	2.875[1]	EAV	None	
Townships	S	2.875[1]	EAV	None	
Indiana					
Counties	C	2	LAV	None	
Municipalities	C	2	LAV	None	
School Districts	C	2	LAV	None	
Townships	C	2	LAV	None	
Iowa					[1]By judicial interpretation.
Counties	C	5	MV[1]	None	
Municipalities	C	5	MV[1]	None	
School Districts	C	5	MV[1]	None	
Kansas					[1]Debt incurred for county hospitals, refunding, and for sanitary sewer improvements is excepted from limit. [2]City of Olathe has a limit of 35% until June 30, 1990. Bonds issued by a city for municipal utilities or street improvement are not included in computing total bonded indebtedness. [3]Bonds issued without an election, but with written approval of the State Board of Education (not to exceed $20,000) are not included. [4]With approval of State Board of Education and voters of school district.
Counties	S	3[1]	LAV	None	
Municipalities	S	30[2]	LAV	None	
School Districts	S	14[3]	LAV	[4]	
Kentucky					[1]Plus 5% for roads. [2]Unless emergency public health or safety should require. [3]1st and 2d-class cities, and 3d-class cities with more than 15,000 population, 10%; 3d-class cities with less than 15,000 population and 4th-class cities and towns, 5%; 5th and 6th-class cities and towns, 3%.
Counties	C	2[1]	MV	None[2]	
Municipalities	C	3 to 10[3]	MV	None[2]	
School Districts	C	2	MV	None[2]	
Louisiana					
Parishes (counties)	S	10	LAV	None	
Municipalities	S	10	LAV	None	
School Districts	S	25	LAV	None	
Maine					[1]Including school purposes, storm or sanitary sewer purposes, energy facility purposes or municipal airport purposes.
Counties	None	No Limits	No Limits	NA	
Municipalities[1]	C-S	15	LAV	None	
Maryland					[1]A maximum of 25% of local assessed valuation is allowed for sewerage and sanitation treatment facilities bonds.
Counties (chartered)	S	15	LAV	[1]	
Counties (nonchart.)	None	No Limits	No Limits	NA	
Municipalities	None	No Limits	No Limits	NA	

Table 48 (cont.)

State Constitutional and Statutory Limitations on Local Government Power to Issue General Obligation Long-Term Debt, 1986

State and Types of Local Government	Rate Limit: Citation	Rate Limit: Percent	Rate Limit: Applied Against	Rate Limit: Provisions for Exceeding Limit	Remarks
Massachusetts					[1]Each county bond issue is subject to state legislative authorization. [2]Debt incurred for certain purposes is excepted (for example, 10% for water supply). [3]An additional 5% for towns and 2.5% for cities with approval of the emergency finance board. [4]Voter approval required for issuance of unlimited (as opposed to limited) general obligation bonds pledging full faith and credit.
Counties	S	No Limits[1]	EAV	None	
Municipalities	S	5[2]	EAV	[3]	
School Districts	S	2.5[2]	EAV	[3]	
Counties	C	10[4]	EAV	None	
Michigan					[2]Includes cities, villages, and charter townships. [3]Plus 0.375% in cities and 0.25% in villages for relief of victims of fire, flood, or other disaster. [4]Intermediate districts, 1/9 of 1% for limited tax bonds without vote of electors; other districts, 5% for limited tax bonds without vote of electors; no limit on, or voter approval required for, qualified school bonds. Community colleges, 1.5% on first $250 million EAV plus 1% of excess over $250 million EAV for limited tax bonds without vote of electors. Voter approval is not required for limited tax bonds regardless of outstanding voter-approved bonded indebtedness for energy improvement and asbestos removal projects for intermediate and other school districts.
Municipalities	C-S	10[1 2 3]	EAV	None	
School Districts	C-S	15[1 4]	EAV	None	
Minnesota					[1]Limitation does not apply to 1st-class cities (St. Paul, Minneapolis, Duluth) which are limited to 1.67% of market value or 3.33% of market value if the city charter authorizes debt in excess of the 1.67% limit. [2]Independent school districts in 1st-class cities are limited to 2.75% of LAV, after authorization by 2/3 vote of city governing body. [3]Where at least 20% of the local tax base consists of railroad property (which is exempt from local taxation) special provisions apply.
Counties	S	7.33	EAV	None	
Municipalities[1]	S	7.33	EAV	None	
Townships	S	7.33	EAV	None	
School Districts	S	10[2]	MV[3]	None	
Mississippi					[1]15% until September 30, 1987. [2]15% for debt incurred to repair flood damage to roads and bridges. [3]15% for debt incurred for water, sewer gas, electric and special improvements. [4]25% if pupil total increased over 50% in last five years.
Counties	S	10[1 2]	LAV	None	
Municipalities	S	10[1 3]	LAV	None	
School Districts	S	20	LAV	[4]	
Missouri					[1]Additional 5%. [2]Cities may incur an additional 10% for streets and sanitation and/or for waterworks and electric plants, but total debt outstanding cannot exceed 20%. In addition, cities, incorporated towns and villages within any county which has less than 400,000 population may issue industrial development bonds up to 10% of EAV.
Counties	C-S	5	EAV	2/3[1]	
Municipalities	C-S	5	EAV	2/3[1 2]	
School Districts	C-S	10	EAV	None	
Montana					[1]Plus 27.75% plus a variable percent of new production taxes for buying land and school buildings and an additional 12.5% plus a variable percent of new production taxes for building jails. [2]Plus 55% for water and sewer debt.
Counties	S	11.25[1]	EAV	[1]	
Municipalities	S	28[2]	EAV	[2]	
School Districts	S	45	EAV	None	
Nebraska	None	No Limits	No Limits	NA	

Nevada					[1]Some variation authorized.
Counties	S	10	EAV	None	
Municipalities	S	30[1]	EAV	None	
School Districts	S	15	EAV	None	
New Hampshire					[1]Ten percent for cooperative school districts.
Counties	S	2	LAV	None	
Municipalities	S	1.75	EAV	None	
School Districts	S	7[1]	EAV	None	
New Jersey					[1]Approval of State Local Finance Board. [2]Varies from 1.5 to 4% depending upon grade level of School Districts instruction. [3]Eight percent in cities of first class; 6% for 2d class cities in excess of 80,000 population. [4]Approval of State Local Finance Board, Commissioner of State Department of Education, and referendum.
Counties	S	2	EAV	[1]	
Municipalities	S	3.5	EAV	[1]	
School Districts	S	[2,3]	EAV	[4]	
New Mexico					[1]May contract debt in excess of limitation for construction or purchase of a water or sewer system.
Counties	C	4	LAV	None	
Municipalities	C	4	LAV	None[1]	
School Districts	C	6	LAV	None	
New York					[1]Excludes the five counties comprising New York City. [2]Except Nassau County where the limit is 10%. [3]Ten percent for New York City, and 9% for other cities over 125,000 population, including debt for school purposes. The 7% limit for all other municipalities excludes school debt. [4]Five percent for school districts in cities under 125,000 population; statutory limit of 10% of current full valuation for non-city school districts with assessed valuation over $100,000. No limit for non-city school districts with assessed valuation under $100,000. [5]Subject to approval by 60% of the voters, the State Board of Regents and, in the case of school districts in cities under 125,000 population, the State Comptroller.
Counties[1]	C	7[2]	MV	None	
Cities, Towns, Villages	C	7[3]	MV	None	
School Districts	C-S	5 to 10[4]	MV	3/5[5]	
North Carolina					[1]All debt must be approved and the bonds marketed by the Local Government Commission, a state agency. [2]The constitution requires voter approval of all general obligation, long-term debt incurred in excess of 2/3 of net debt reduction in the preceding fiscal year with limited exceptions.
Counties	S	8[1]	LAV	M[2]	
Municipalities	S	8[1]	LAV	M[2]	
North Dakota					[1]Additional debt may be incurred for waterworks, up to 4%. [2]Additional 3%. [3]Additional 5%.
Counties	C	5	EAV	None	
Cities	C	5[1]	EAV	2/3[2]	
School Districts	C	5	EAV	M[3]	
Ohio					[1]Voter approval required for indebtedness in excess of 1% LAV. Net indebtedness shall never exceed 3% of first $100,000,000 of taxable value plus 1.5% of taxable value in excess of $100,000,000 and not in excess of $300,000,000, plus 2.5% of taxable value in excess of $300,000,000. [2]Voter approval required for indebtedness in excess of 5.5% LAV. Net indebtedness shall never exceed 10 1/2% LAV. [3]Subject to voter approval. [4]No vote for up to 1%; vote required for 1 to 3%; over 4% (and up to 9%) vote required and prior approval of Tax Commissioner and State Superintendent of Public Instruction. Over 9%, must also be a special needs school district.
Counties	S	[1]	LAV	M	
Municipalities	C-S	10.5[2]	LAV	None	
Townships	S	2[3]	LAV	M	
School Districts	S	[4]	LAV	[4]	

Table 48 (cont.)

State Constitutional and Statutory Limitations on Local Government Power to Issue General Obligation Long-Term Debt, 1986

State and Types of Local Government	Rate Limit: Citation	Rate Limit: Percent	Rate Limit: Applied Against	Rate Limit: Provisions for Exceeding Limit	Remarks
Oklahoma					
Counties	C	5[1 2]	LAV	None	[1]Amount incurred in any year may not exceed revenue for the year, except by a 3/5 majority vote.
Municipalities	C	10[1 2]	LAV	None	[2]By majority vote can authorize debt to secure and develop industry. Tax may not exceed 5 mills.
School Districts	C-S	5[1]	LAV	3/5[3]	[3]Additional 5%.
Oregon					
Counties	S	2	MV	None	[1]0.55% for grades K-8; 0.75% for grades 9-12; 1.5% for community college or area education district.
Municipalities	S	3	MV	None	
School Districts	S	[1]	MV	None	
Pennsylvania					
Counties	S	[1]	[1]	M	[1]Limitation applied against borrowing base defined as average revenues of unit for the three fiscal years prior to incurring debt; counties—300% of borrowing base, municipalities—250%, school districts—100%.
Municipalities	S	[1 2]	[1]	M	[2]For Philadelphia, the limit is 13.5% of locally established assessed value with up to 3% without referendum (by constitution).
School Districts	S	[1]	[1]	M	
Rhode Island					
Municipalities	S	3	LAV	None	
South Carolina					
Counties	C	8[1]	LAV	None	[1]Numerous specific exceptions.
Municipalities	C	8[1 2]	LAV	None	[2]Where two or more municipalities overlap, or school districts overlap, aggregate limit is 15%.
School Districts	C	8[1 2]	LAV	None	
South Dakota					
Counties	C	5	EAV	M[1]	[1]Up to an additional 10% (18% for cities over 8,000 population) for specified purposes.
Municipalities	C	5	EAV	M[1]	
School Districts	C	10	EAV	[1]	
Tennessee	None	No Limits[1]	No Limits[1]	NA	[1]Except that industrial building bonds are limited to 10% of assessed valuation, and require a 3/4 majority in referendum.
Texas					
Counties	C-S	[1]	LAV	None	[1]Limit on taxing authority for debt repayment is generally $.80 per $100 LAV.
Municipalities	C-S	[1]	LAV	None	[2]Limit on taxing authority for debt repayment is $1.50 per $100 LAV for general law cities and generally $2.50 per $100 LAV for home rule cities.
School Districts	C-S	10	LAV	None	
Utah					
Counties	C	2[1]	MV[2]	None	[1]Debt incurred in any one year may not exceed amount of taxes raised for the year without a simple majority approval of the electorate (property taxpayers).
Municipalities	C	4[1]	MV[2]	[3]	[2]By judicial interpretation.
School Districts	C	4[1]	MV[2]	None	[3]1st and 2nd class cities are granted an additional 4%, 3rd class cities and towns an additional 8% debt for construction of water, lights, and sewer facilities.
Vermont					
Municipalities[1]	S	10[2]	LAV	None	[1]There are a few exceptions specified in the state statutes.
					[2]The statutory limit is "10 times the grand list of the municipal corporation." The "grand list" is 1% of the locally assessed valuation.

Virginia					[1]By referendum.
Counties	C-S	No Limits[1]	No Limits[1]	NA	[2]Including counties that elect to be treated as cities.
Municipalities[2]	C-S	10	LAV	None	
Washington					[1]Debt incurrence that would bring total above 1.5% subject to approval by 60% majority vote, but in no case may it exceed 5%. However, an additional 5% is authorized for municipally owned utilities. [2]Debt incurrence that would bring total above 1.5% subject to approval by 60% majority vote, but in no case may it exceed 5%. However, a constitutional amendment authorizes an additional 5% for "capital outlays."
Counties	C	5[1]	LAV	1	
Municipalities	C	5[1]	LAV	1	
School Districts	C	10[2]	LAV	2	
West Virginia					
Counties	C-S	5	LAV	None	
Municipalities	C-S	5	LAV	None	
School Districts	C-S	5	LAV	None	
Wisconsin					[1]No more than 4% for county buildings or 1% (by sole action of the county board) for highways. [2]Municipalities operating schools, except Milwaukee, may incur an additional 10% for school purposes. [3]Ten percent for school districts offering no less than grades 1-12 and which are eligible for highest level of state aid ("integrated" districts).
Counties	C-S	5[1]	EAV	None	
Municipalities	C-S	5[1]	EAV	2	
School Districts	C-S	5[3]	EAV	3	
Wyoming					[1]Additional 4% authorized for sewer construction.
Counties	C-S	2	EAV	None	
Municipalities	C	2[1]	EAV	1	
School Districts	C	10	EAV	None	

Note: This table deals only with limitations that affect generally the amount of general obligation debt in counties, municipalities, and school districts can issue. In a number of states, general obligation debt issued for specified purposes is excluded from the general rate limitations either by constitutional or statutory provisions. In addition, specific debt limitations are often imposed under special districts. No attempt has been made to treat the exceptions or the special district limitations because of their great variety. Also excluded from this table are provisions that set maximum interest rates or time periods for which bonds may be issued.

*C—State's constitution, S—statutes, C-S—both.

**Percentage debt limitations are generally applied against property values.

MV—Full or market value.

LAV—Locally established assessed value or state established assessed value in case of state assessed property such as utilities.

EAV—State equalized assessed value.

***M—A simple majority (a favorable majority of 50% plus one of all votes subject to counting on the question); where more than a simple majority is required, the required percentage is entered. These provisions are other than by amendment of the constitution or statutes.

NA—not applicable.

Source: ACIR staff with the help of state attorneys general or other state officials.

Table 49

State Gross Receipts Taxation of Telecommunications Services, 1988

State	Tax	Rate (in percent)	Tax Base	Access Charges Deductible	Tax in Lieu of
Alabama	Yes	2.5	Intrastate Service	NA	Nothing
Alaska	Yes[1]	1.0-2.0	Intrastate Service[1]	Yes, by IXC and LEC[2]	Nothing
Arizona	No	—	—	—	—
Arkansas	No	—	—	—	—
California	No	—	—	—	—
Colorado	No	—	—	—	—
Connecticut	Yes	6.5-9.0	Intra and Interstate Service	Yes, by IXC	Personal Property Tax LECs Only
Delaware	Yes[3]	5.0	Intrastate Service[3]	NA	Nothing
DC (Washington)	Yes	6.7	Intra and Interstate Service[4]	Yes, by LEC	Personal Property Tax
Florida	Yes	1.5	Intra and Interstate Service[5]	Yes, by LEC	Nothing
Georgia	No	—	—	—	
Hawaii	Yes	5.885-8.2	Intra and Interstate Service[6]	Pending	Other Taxes Except Income
Idaho	No	—	—	—	—
Illinois	No	—	—	—	—
Indiana	Yes[7]	1.20	Intrastate Service	No	May be in lieu of income tax
Iowa	No	—	—	—	—
Kansas	No	—	—	—	—
Kentucky	No[8]	—	—	—	—
Louisiana	Yes	2.0	Intrastate Service	Yes, by LEC	Nothing
Maine	Yes[9]	1.25-3.5	Intra and Interstate Service	Yes, by LEC	Nothing[9]
Maryland	Yes	2.0	Intra and Interstate Service	No	Corporation Income Tax[10]
Massachusetts	No	—	—	—	—
Michigan	No	—	—	—	—
Minnesota	Yes	4.0-7.0	Intrastate Service[11]	Yes, by IXC	Real Property Tax[11]
Mississippi	No	—	—	—	—
Missouri	No	—	—	—	—
Montana	Yes	1.725	Intrastate Service	No	Nothing
Nebraska	No	—	—	—	—
Nevada	No	—	—	—	—
New Hampshire	No	—	—	—	—
New Jersey	Yes	2.75-6.125	Intrastate Service	Yes, by LEC	Corporation Business Tax
New Mexico	No	—	—	—	—
New York	Yes	3.3	Intra and Interstate Service	Yes, by LEC	Corporation Income Tax
North Carolina	Yes	3.22	Intrastate Service	Yes, by LEC	Nothing
North Dakota	No				
Ohio	Yes	4.75	Intra-LATA Service	Pending	Corporation Income Tax
Oklahoma	No	—	—	—	—
Oregon	Yes[12]	6.0	Intrastate Service	NA	Property Tax[12]
Pennsylvania	Yes	4.5	Intrastate Service	Yes, by IXC	Nothing
Rhode Island	Yes	7.0[13]	Intra and Interstate Service	Yes, by IXC[14]	Corporation Income Tax
South Carolina	Yes	0.3	Intrastate Service	Pending	Nothing
South Dakota	Yes[15]	2.0-5.0	Intrastate Service	Yes, by IXC	Property Tax[15]
Tennessee	Yes	3.0	Intrastate Service	Pending	—
Texas	Yes	1.65-2.5025	Local Exchange Service	No	Nothing
Utah	No	—	—	—	—
Vermont	Yes	2.25-5.25	Intra and Interstate Service	No	Corporation Income Tax
Virginia	Yes	1.6	Intra and Interstate Service	Yes, by LEC	Corporation Income Tax
Washington	Yes[16]	0.00471	Intra and Interstate Service	No	Nothing
West Virginia	Yes	4	Intra and Interstate Service	Yes, by LEC and IXC	Nothing
Wisconsin	Yes	6.75-9.0[17]	Intra and Interstate Service	Yes, by IXC	Property Tax
Wyoming	No	—	—	—	—
Total	Yes = 29	Range = 1-9%	Intrastate = 14 Intra and Interstate = 13 None = 22 Other = 2	Yes = 16	

Table 49 (cont.)

State Gross Receipts Taxation of Telecommunications Services, 1988

Notes

NA—not applicable.

[1] There is a special tax only on local nonprofit telephone cooperatives in Alaska.

[2] IXC refers to interexchange carrier; LEC refers to local exchange carrier.

[3] Residential consumers are exempt from this tax. Also, there is a tax based on miles of wire and number of telephone transmitters within the state.

[4] The gross receipts tax on IXCs is currently the subject of a legal challenge in DC.

[5] This tax has been separately stated on customers' bills since 1986. Effectively, it has become a sales tax.

[6] Hawaii's gross receipts tax is imposed on both BOCs and IXCs; however, pending settlement of related apportionment and administrative issues, the tax has not yet been applied to IXCs.

[7] Other corporations as well as utilities are subject to Indiana's gross earnings tax. The tax rate is gradually being lowered; it will eventually fall to zero in 2009.

[8] In Kentucky there is a 3.0% gross earnings license tax, which is administered at the county level.

[9] In Maine, the gross receipts tax will phase out by 1989. Property taxes have been phased in effective 1987.

[10] Receipts subject to gross earnings tax are allowed as a deduction in computing corporation net income tax liability in Maryland.

[11] IXCs have been exempt from gross receipts (earnings) tax since 1986. The gross receipts tax on the LEC will phase out from 4% (on rural LECs) and 7% (other LECs) from calendar year 1989-92.

[12] Rural telephone exchanges in Oregon may elect to pay a gross earnings tax (reported above) in lieu of ad valorem taxes.

[13] The Rhode Island special tax on telecommunications is being phased down according to the following schedule: 7% currently; 6% on 7/1/88; 5% on 7/1/89.

[14] An access charge deduction for IXCs will be phased in according to the following schedule: 50% deduction effective 7/1/87; 100% deduction effective 7/1/88.

[15] Rural telephone companies with gross earnings less than $25 million in South Dakota are subject to a gross earnings tax in lieu of property taxes.

[16] Washington's gross earnings tax is a business and occupation tax which applies to virtually all businesses, not just utilities.

[17] Wisconsin's special tax rates are being phased down, to 8.073% by 5/1/89 on toll revenues and to 6.333% by 5/1/88 on exchange revenues.

Sources: Compiled by the Urban Institute from the *State Tax Guide* (Commerce Clearing House); and with the assistance of the staffs of AT&T and MCI.

Table 50

State Sales Taxation of Telecommunications Services, 1988

State	Tax	Rate (in percent)	Tax Base
Alabama	Yes	4.0	Intrastate Service
Alaska	No	—	—
Arizona	Yes	5.0	Intrastate Service
Arkansas	Yes	4.0	Intra and Interstate MTS
California	Yes	0.5[1]	Intrastate MTS and WATS/800 Service
Colorado	Yes	3.0	Intrastate Service
Connecticut	NA	—	—
Delaware	No	—	—
DC (Washington)	Yes	6.0	Local Service
Florida	Yes	6.0	Intra/Interstate Business Service
Georgia	Yes	3.0	Local Service
Hawaii	NA	—	Pending Legislation
Idaho	NA	—	—
Illinois	Yes	5.0	Intra and Interstate Service
Indiana	Yes	5.0	Intrastate Service
Iowa	Yes	4.0	Intrastate Service
Kansas	Yes	3.0	Intrastate Service
Kentucky	Yes	5.0	Intrastate Service
Louisiana	NA	—	—
Maine	Yes	5.0	Intrastate Service
Maryland	NA	—	—
Massachusetts	NA	—	—
Michigan	Yes	4.0	Intrastate Service
Minnesota	Yes	6.0	Intrastate Service and Interstate MTS and Outgoing WATS
Mississippi	Yes	6.0	Intrastate Service
Missouri	Yes	4.125	Intrastate Service
Montana	No	—	—
Nebraska	Yes	3.5	Intrastate Service
Nevada	NA	—	—
New Hampshire	No	—	—
New Jersey	NA	—	—
New Mexico	Yes	3.75	Intrastate Service and Interstate (35% exempt)
New York	Yes	4.0	Intrastate Service
North Carolina	Yes	3.0	Intrastate Service
North Dakota	Yes	4.0	Intrastate Service
Ohio	Yes	4.0	Intrastate and Interstate MTS
Oklahoma	Yes	3.25	Intra and Interstate Service
Oregon	No	—	—
Pennsylvania	Yes	6.0	Intrastate Service
Rhode Island	Yes	6.0	Local Service Charge[2]
South Carolina	Yes	5.0	Local Service
South Dakota	Yes	4.0	Intrastate Service
Tennessee	Yes	5.5	Intrastate Service
Texas	Yes	6.0	Intrastate (including Local Exchange) and Interstate Service
Utah	Yes	4.625	Intrastate Service
Vermont	NA	—	—
Virginia	NA	—	—
Washington	Yes	6.5	Intra and Interstate Service[3]
West Virginia	NA	—	—
Wisconsin	Yes	5.0	Intra and Interstate Service[4]
Wyoming	Yes	3.0	Intrastate Service
Total	Yes = 35	Range = 3-6.5%	Inrastate = 20, Other = 16, None = 15

NA—is used when there is a sales tax, but it is not levied on telecommunications services.

[1] In California, tax is a 911 surcharge.

[2] The sales tax in Rhode Island is on recurring charges only; it is not on toll calls.

[3] Basic local exchange service is exempt.

[4] Wisconsin is the only state to include intra and interstate carrier access charges in the tax base. Similar provisions to apply the sales tax to access charges were repealed in South Carolina effective July 1, 1987, and in Maine effective January 1, 1988.

Sources: Compiled by the Urban Institute from the *State Tax Guide* (Commerce Clearing House); and with the assistance of the staffs of AT&T and MCI.

Table 51

State Corporation Income Taxation of Telecommunications Companies, 1988

State	Tax	Rate (In percent)	Comments
Alabama	Yes	5.0	—
Alaska	Yes	1.0-9.4	—
Arizona	Yes	2.5-10.5	—
Arkansas	Yes	1.0-6.0	—
California	Yes	9.3	—
Colorado	Yes	5.0	—
Connecticut	Yes	11.5	—
Delaware	Yes	8.7	—
DC (Washington)	Yes	10.25	—
Florida	Yes	6.0	—
Georgia	Yes	6.0	—
Hawaii	Yes	5.86-6.435	—
Idaho	Yes	7.7	—
Illinois	Yes	6.5	—
Indiana	Yes	7.9[1]	—In lieu of gross receipts
Iowa	Yes	6.0-12.0	—
Kansas	Yes	4.5-6.75	—
Kentucky	Yes	3.0-6.0	—
Louisiana	Yes	4.0-8.0	—
Maine	Yes	3.5-8.93	—
Maryland	Yes	7.0	Gross receipts tax deductible
Massachusetts	Yes	6.5	—
Michigan	Yes[2]	2.35	—
Minnesota	Yes	6.0-12.0	—
Mississippi	Yes	3.0-5.0	—
Missouri	Yes	5.0	—
Montana	Yes	6.75	—
Nebraska	Yes	4.75-6.65	—
Nevada	No	—	—
New Hampshire	Yes	9.4	—
New Jersey	NA	—	Gross receipts tax is in lieu
New Mexico	Yes	4.8-7.2	—
New York	NA	—	Gross receipts tax is in lieu
North Carolina	Yes	6.0	—
North Dakota	Yes	3.0-10.5	—
Ohio	Yes	5.1-9.2	On IXC in lieu of gross receipts
Oklahoma	Yes	4.0	—
Oregon	Yes	7.5	—
Pennsylvania	Yes	9.5	—
Rhode Island	Yes	8.0	Gross receipts tax deductible
South Carolina	Yes	6.0	—
South Dakota	No	—	—
Tennessee	Yes	6.0	Less credit for gross receipts tax
Texas	No	—	—
Utah	Yes	5.0	—
Vermont	NA	—	Gross receipts tax is in lieu
Virginia	NA	—	Gross receipts tax is in lieu
Washington	No	—	—
West Virginia	Yes	6.0-7.0	—
Wisconsin	Yes	7.9	—
Wyoming	No	—	—
Total	Yes = 42	Range = 1.0-12.0%	

NA—is used when there is a corporate income tax, but it is not levied on telecommunications firms. When the state does not levy a corporate income tax, the response in column 2 is "No."

[1] This is a combination of a 3.4% adjusted gross income tax, plus a 4.5% supplemental net income tax on all corporations.

[2] Michigan levies a "single business" (value added) tax.

Sources: Compiled by the Urban Institute from the *State Tax Guide* (Commerce Clearing House); and with the assistance of the staffs of AT&T and MCI.

Table 52

Local Taxation of Telecommunications Property, 1988

State	Tax	Base	Assessment Practice
Alabama	Yes	Real and Personal	Centrally Assessed
Alaska	Yes	Real and Personal	Locally Assessed
Arizona	Yes	Real and Personal	Centrally Assessed
Arkansas	Yes	Real and Personal	Centrally Assessed
California	Yes	Real and Personal	Centrally Assessed
Colorado	Yes	Real and Personal	Centrally Assessed
Connecticut	Yes	Real and Personal[1]	Centrally Assessed
Delaware	Yes	Real and Personal	Locally Assessed
DC (Washington)	Yes	Real[2]	Locally Assessed
Florida	Yes	Real and Personal	Locally Assessed
Georgia	Yes	Real and Personal	Centrally Assessed
Hawaii	Yes	Real	Locally Assessed
Idaho	Yes	Real and Personal	Centrally Assessed
Illinois	Yes	Real	Locally Assessed
Indiana	Yes	Real and Personal	Centrally Assessed
Iowa	Yes	Real and Personal	Centrally Assessed
Kansas	Yes	Real and Personal	Centrally Assessed
Kentucky	Yes	Real and Personal	Centrally Assessed
Louisiana	Yes	Real and Personal	Centrally Assessed
Maine	Yes	Real and Personal[3]	Locally Assessed
Maryland	Yes	Real and Personal	Centrally Assessed
Massachusetts	Yes	Real and Personal	Locally Assessed
Michigan	Yes	Real and Personal	Centrally Assessed
Minnesota	Yes	Real[4]	Locally Assessed
Mississippi	Yes	Real and Personal	Centrally Assessed
Missouri	Yes	Real and Personal	Centrally Assessed
Montana	Yes	Real and Personal	Centrally Assessed
Nebraska	Yes	Real and Personal	Centrally Assessed
Nevada	Yes	Real and Personal	Centrally Assessed
New Hampshire	Yes	Real and Personal	Centrally Assessed
New Jersey	Yes	Real and Personal	Locally Assessed
New Mexico	Yes	Real and Personal	Centrally Assessed
New York	Yes	Real	Locally Assessed
North Carolina	Yes	Real and Personal	Centrally Assessed
North Dakota	Yes	Real and Personal	Centrally Assessed
Ohio	Yes	Real and Personal	Centrally Assessed
Oklahoma	Yes	Real and Personal	Centrally Assessed
Oregon	Yes	Real and Personal[5]	Centrally Assessed
Pennsylvania	Yes	Real	Centrally Assessed
Rhode Island	Yes	Real and Personal	Locally Assessed[6]
South Carolina	Yes	Real and Personal	Centrally Assessed
South Dakota	Yes	Real and Personal[7]	Centrally Assessed
Tennessee	Yes	Real and Personal	Centrally Assessed
Texas	Yes	Real and Personal	Locally Assessed
Utah	Yes	Real and Personal	Centrally Assessed
Vermont	Yes	Real	Locally Assessed
Virginia	Yes	Real and Personal	Centrally Assessed
Washington	Yes	Real and Personal	Centrally Assessed
West Virginia	Yes	Real and Personal	Centrally Assessed
Wisconsin[8]	No		—
Wyoming	Yes	Real and Personal	Centrally Assessed
Total	Yes = 50	Real = 7 Real and Personal = 43	Locally Assessed = 14 Centrally Assessed = 36

[1] In Connecticut, IXCs pay centrally assessed property taxes; the LECs pay only real property taxes which are locally assessed.

[2] Gross receipts tax is in lieu of a personal property tax.

[3] Maine is phasing out the gross receipts tax and phasing in both real and personal property taxes by 1990.

[4] In 1987, Minnesota imposed a real property tax; the gross receipts tax will be gradually phased out by 1990.

[5] In Oregon, rural telephone exchanges pay a gross earnings tax in lieu of a property tax. However, other telephone companies pay a property tax but no gross earnings tax.

[6] In Rhode Island, personal property is centrally assessed.

[7] In South Dakota, rural telephone companies with gross receipts less than $25 million are subject to a gross receipts tax in lieu of a property tax. Other telephone companies pay a property tax but no gross receipts tax.

[8] In Wisconsin, gross receipts tax is in lieu of real and personal property tax.

Sources: Compiled by the Urban Institute from the *State Tax Guide* (Commerce Clearing House); and with the assistance of the staffs of AT&T and MCI.

Definitions

Unless otherwise noted, all terms used in *Significant Features of Fiscal Federalism* adhere to the definitions prescribed by the U.S. Bureau of the Census. (Differences do exist between figures cited by the Office of Management and Budget, National Income and Product Accounts, and Census, but these differences are primarily accounting rather than definitional differences.) For an expanded glossary of terms, see U.S. Bureau of the Census, *State Government Finances in [year]* or *Governmental Finances in [year]*.

Alcoholic Beverages—See under *License Taxes* and *Sales and Gross Receipts Taxes*.

Amusements—See under *License Taxes* and *Sales and Gross Receipts Taxes*.

Assistance and Subsidies—Cash contributions and subsidies to persons, not in payment for goods or services or for claims against the government. For local governments, this object category comprises only direct cash assistance payments to public welfare recipients. For states, it includes also veterans' bonuses and direct cash grants for tuition, scholarships, and aid to nonpublic educational institutions.

Capital Outlay—Direct expenditure for contract or force account construction of buildings, roads, and other improvements, and for purchase of equipment, land, and existing structures. Includes amounts for additions, replacements, and major alterations to fixed works and structures. However, expenditure for repairs to such works and structures is classified as current operation expenditure. See also *Construction* (which is a subcategory of *Capital Outlay*).

Cash and Deposits—Cash on hand, and demand and saving or time deposits.

Cash and Security Holdings—Cash and deposits, and governmental and private securities (bonds, notes, mortgages, corporate stocks, etc., including loans and other credit paper held by governmental loan and investment funds) except holdings of agency and private trust funds. Includes fund investments in securities issued by the government concerned, but does not include interfund loans, receivables, and the value of real property and other fixed assets.

Charges and Miscellaneous General Revenue—General revenue other than taxes and intergovernmental revenue.

Circuit Breaker—A type of residential property tax relief in which benefits depend on both income and/or wealth, and property tax payments. A circuit breaker usually takes one of two forms. Under the *threshold approach* an "acceptable" tax burden is defined as some fixed percentage of household income (different percentages may be set for different income levels) and any tax above this portion of income is "excessive" and qualifies for relief. The portion of income that is deemed an acceptable tax burden is the threshold level. Under the *sliding scale* approach no threshold is defined. Rather, a fixed percentage of the property tax is rebated for each eligible taxpayer within an income class. The rebate percentage declines as income increases.

Construction—Production of fixed works and structures, and additions, replacements, and major alterations including planning and design of specific projects, site improvements, and provision of equipment and facilities that are integral parts of a structure. Includes both contract and force account construction. See also *Capital Outlay*.

Consumer Price Index (CPI)—The CPI is a measure of the average change in prices over time in a fixed "market basket" of goods and services purchased either by urban wage earners and clerical workers or by all urban consumers. Effective with the January 1978 index, the Bureau of Labor Statistics began publishing CPIs for two population groups: (1) a new CPI for All Urban Consumers (CPI-U) and (2) revised CPI for Urban Wage Earners and Clerical Workers (CPI-W). (Statistical Abstract, 1986)

Corporation Net Income Taxes—Taxes on net income of corporations and unincorporated businesses (when taxed separately from individual income). Includes distinctively imposed net income taxes on special kinds of corporations (e.g., financial institutions).

Correction—Confinement and correction of adults and minors convicted of offenses against the law, and pardon, probation, and parole activities.

Correctional Institutions—Prisons, reformatories, houses of correction, and other institutions for the confinement and correction of convicted adults and juveniles. Includes only expenditures for institutions operated by the government concerned; excludes cost of maintaining prisoners in institutions of other governments.

Current Charges—Amounts received from the public for performance of specific services benefiting the person charged, and from sales of commodities and services, except liquor store sales. Includes fees, assessments, and other reimbursements for current services, rents and sales derived from commodities or services furnished inci-

dent to the performance of particular functions, and gross income of commercial activities. Excludes amounts received from other governments (see *Intergovernmental Revenue*) and interdepartmental charges and transfers. Current charges are distinguished from license taxes, which relate to privileges granted by the government or regulatory measures for the protection of the public.

Current Operation—Direct expenditure for compensation of own officers and employees, and for the purchase of supplies, materials, and contractual services, except amounts for capital outlay.

Death and Gift Taxes—Taxes imposed on transfer of property at death, in contemplation of death, or as a gift.

Debt—All long-term credit obligations backed by the government's full faith and credit or nonguaranteed, and all interest-bearing short-term credit obligations. Includes judgments, mortgages, and revenue bonds, as well as general obligation bonds, notes, and interest-bearing warrants. Excludes noninterest-bearing short-term obligations, interfund obligations, amounts owed in a trust or agency capacity, advances and contingent loans from other governments, and rights of individuals to benefits from social insurance funds.

Direct Expenditure—Payments to employees, suppliers, contractors, beneficiaries, and other final recipients of government payments—i.e., all expenditure other than intergovernmental expenditure.

Document and Stock Transfer Taxes—Taxes on the recording, registering, and transfer of documents such as mortgages, deeds, and securities, except taxes on recording or transfer of motor vehicle titles, which are classified elsewhere.

Education—Schools, colleges, and other educational institutions (e.g., for blind, deaf, and other handicapped individuals), and educational programs for adults, veterans, and other special classes. Institutions of higher education includes activities of colleges operated by state and local governments, except that agricultural extension services and experiment stations are classified under *Natural Resources* and hospitals serving the public are classified under *Hospitals*. Revenue and expenditure for dormitories, cafeterias, athletic events, bookstores, and other auxiliary enterprises financed mainly through charges for services are reported on a gross basis. Local schools comprises payments for operation of elementary and secondary schools, construction of school buildings, purchase and operation of school buses, and other local school services. Direct state expenditure for other education includes state educational administration and services, tuition grants, fellowship aid to private schools, and special programs.

Elementary and Secondary Education—See *Education.*

Environment and Housing—Comprises the functions of *Natural Resources, Parks* and *Recreation.*

Expenditure—All amounts of money paid out by a government—net of recoveries and other correcting transactions—other than for retirement of debt, investment in securities, extension of credit, or as agency transactions. Note that expenditure includes only external transactions of a government and excludes noncash transactions such as the provision of perquisites or other payments in kind.

Fire Protection—Fire fighting organization and auxiliary services; fire inspection and investigation; support of voluntary fire forces; and other fire prevention activities. Includes cost of fire fighting facilities, such as fire hydrants and water, furnished by other agencies of the government.

Fiscal Year—The 12-month period at the end of which the government or any governmental agency determines its financial condition and the results of its operation and closes its books.

Fish and Game—Conservation and development of fish and game resources through regulation, protection, and propagation.

Forestry—Conservation, development, and promotion of forests and forest products. Includes forest fire prevention and forest fire fighting activities.

Full-Faith and Credit Debt—Long-term debt for which the credit of the government, implying the power of taxation, is unconditionally pledged. Includes debt payable initially from specific taxes on nontax sources, but representing a liability payable from any other available resources if the pledged sources are insufficient.

General Expenditure—All government expenditures other than the specifically enumerated kinds of expenditure classified as *Liquor Store Expenditure, Insurance Trust Expenditure,* and *Utility Expenditure.*

General Obligation Debt—Long-term full faith and credit obligations other than those payable initially from nontax revenue. Includes debt payable in the first instance from particular earmarked taxes, such as motor fuel sales taxes or property taxes.

General Revenue—All revenue except *Liquor Store Revenue, Insurance Trust Revenue,* and *Utility Revenue.* The basis for distinction is not the fund or administrative unit receiving particular amounts, but rather the nature of the revenue sources concerned.

General Revenue Sharing—Funds distributed to local general purpose governments by the federal government under the *State and Local Fiscal Assistance Act of 1972.* The last regular payment under this act was made on September 30, 1986.

General Sales or Gross Receipts Taxes—See under *Sales and Gross Receipts Taxes.*

Gross National Product (GNP)—GNP is the total national output of goods and services valued at market prices. GNP can be viewed in terms of expenditure categories which comprise purchases of goods and services by consumers and government, gross private domestic investment, and net exports of goods and services. The goods and services included are largely those bought for final use (excluding illegal transactions) in the market economy. A number of inclusions represent imputed values, the most important of which is rental value of owner-occupied housing. GNP, in this broad context, measures the output attributable to the factors of production-labor and property supplied by U.S. residents. GNP differs

from "national income" mainly in that GNP includes allowances for depreciation and for indirect business taxes.

GNP Implicit Price Deflator—An implicit price deflator is used to deflate one or more of the components of the national income accounts. The GNP implicit price deflator is a measure of the average level market prices of total national output compared to an average level in a base period.

Gross State Product—GSP is the gross market value of the goods and services attributable to labor and property located in a state. It is the state counterpart of the nation's gross domestic product (GDP).

Health—Health services, other than hospital care, and financial support of health programs of other governments. Includes public health research, nursing, immunization, maternal and child health, and other categorical, environmental, and general health activities. Does not include vendor payments for health services administered under public welfare programs.

Highways—Streets, highways, and structures necessary for their use, snow and ice removal, toll highway and bridge facilities, and ferries. Includes support of or reimbursement for street and highway activities of local governments, including aid to local governments for debt service on local highway debt.

Homestead Exemption—A specific dollar amount subtracted from the assessed value of a home. The assessed value minus the exemption equals the amount of taxable assessed value for property tax purposes. A closely related device is the *homestead credit*, which is an amount that is subtracted from the gross property tax rather than from the assessed value.

Hospitals—Establishment and operation of hospital facilities, provision of hospital care, and support of public or private hospitals. However, see *Public Welfare* concerning vendor payments under welfare programs.

Individual Income Taxes—Taxes of individuals measured by net income and taxes distinctively imposed on special types of income (e.g., interest, dividends, income from intangibles, etc.).

Insurance Sales and Gross Receipts Taxes—See under *Sales and Gross Receipts Taxes.*

Insurance Trust System—a government-administered program for employee retirement and social insurance protection relating to unemployment compensation, workmen's compensation, and old age, survivors', disability, and health insurance. Insurance trust revenue comprises amounts from contributions required of employers and employees for financing these social insurance programs, and earnings on assets of such systems. Insurance trust expenditure corresponds with the character and object category insurance benefits and repayments, and comprises only cash payments to beneficiaries (including withdrawals of contributions). These categories exclude costs of administering insurance trust systems, which are classed as general expenditure. Insurance trust revenue and expenditure do not include any contributions of a government to a system it administers. Any amounts paid by a government as employer contributions to an insurance trust system administered by another government are classed as general expenditure for current operation, and as insurance trust revenue of the particular system and receiving government.

Interest Earnings—Interest earned on deposits and securities, including amounts for accrued interest on investment securities sold. However, receipts for accrued interest on bonds issued are treated as offsets to interest expenditure.

Interest Expenditure—Amounts paid for use of borrowed money. Interest on utility debt is included in *Utility Expenditure*.

Intergovernmental Expenditure—Amounts paid to other governments as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government activities and for specific services for the paying government, or in lieu of taxes. Excludes amounts paid to other governments for purchase of commodities, property, or utility services, any tax imposed and paid as such, and employer contributions for social insurance—e.g., contributions to the federal government for old age, survivors', disability, and health insurance for government employees.

Intergovernmental Revenue—Amounts received from other governments as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government functions and specific services for the paying government (e.g., care of prisoners or contractual research), or in lieu of taxes. Excludes amounts received from other governments for sale of property, commodities, and utility services. All intergovernmental revenue is classified as general revenue.

Intergovernmental Revenue for General Local Government Support—Fiscal aid revenue that allows the receiving government unrestricted use as to function or purpose.

Intergovernmental Revenue from Federal Government—Intergovernmental revenue received by a local government directly from the federal government. Excludes federal aid channeled through state governments.

Intergovernmental Revenue from State Government—All intergovernmental revenue received from the state government, including amounts originally from the federal government but channeled through the state.

Judicial—Courts and activities associated with courts, such as law libraries, prosecutorial and defendant programs, probate functions, and juries.

Libraries—Establishment and operation of public libraries and support of privately operated libraries (excludes those operated as part of a school system, primarily for the benefit of students and teachers, and law libraries).

License Taxes—Taxes exacted (either for revenue raising or for regulation) as a condition to the exercise of a business or nonbusiness privilege, at a flat rate or measured by such bases as capital stock, capital surplus, number of business units, or capacity. Excludes taxes measured directly by transactions, gross or net income, or value of property except those to which only nominal rates apply. "Licenses" based on these latter measures, other

than those at nominal rates, are classified according to the measure concerned. Includes "fees" related to licensing activities—automobile inspection, gasoline and oil inspection, professional examinations and licenses, etc.—as well as license taxes producing substantial revenues.

Alcoholic Beverages—Licenses for manufacturing, importing, wholesaling, and retailing alcoholic beverages other than those based on volume or value of transactions or assessed value of property.

Amusements—License taxes imposed on amusement businesses generally or on specific amusement enterprises (race tracks, theaters, athletic events, etc.) Does not include "licenses" based on value or number of admissions, amount of wagers, or gross or net income, which are classified elsewhere.

Corporations In General—Franchise license taxes, organization, filing and entrance fees, and other license taxes which are applicable, with only specific exceptions, to all corporations. Does not include corporation taxes based on value of property, net income, or gross receipts from sales, or taxes imposed distinctively on particular types of corporations (public utilities, insurance companies, etc.).

Hunting and Fishing—Commercial and noncommercial hunting and fishing license and shipping permits.

Motor Vehicles—License taxes imposed on owners or operators of motor vehicles, commercial and noncommercial, for the right to use public highways, including charges for title registration and inspection of vehicles. Does not include personal property taxes or sales and gross receipts taxes relating to motor vehicles, taxes on motor carriers based on assessed value of property, gross receipts, or net income, or other taxes on the business of motor transport.

Motor Vehicle Operators—Licenses for privilege of driving motor vehicles, including both private and commercial licenses.

Occupations and Businesses, not elsewhere classified—License taxes (including examination and inspection fees) required of persons engaging in particular professions, trades, or occupations, and such taxes on businesses not elsewhere classified. Includes charges relating to inspection and marketing of seed, feed, fertilizer, gasoline, oil, citrus fruit, and other commodities, and chain store licenses, as well as licenses relating to operation of particular business enterprises.

Public Utilities—License taxes distinctively imposed on public passenger and freight transportation companies, telephone, telegraph, and light and power companies, and other public utility companies including government-owned utilities. Does not include taxes measured by gross or net income, units of service sold, or value of property.

Other License Taxes—License taxes not listed separately (e.g., animal licenses, marriage licenses, registration fees on pleasure boats and aircraft, individual permits to purchase liquor, and other nonbusiness privileges).

Liquor Store Expenditure—Expenditures for purchase of liquor for resale and provision and operation of liquor stores. Excludes expenditure for law enforcement and licensing activities carried out in conjunction with liquor store operations.

Liquor Store Revenue—Amounts received from sale of liquor by government liquor stores and other revenues from government liquor store operations. Excludes any taxes collected by government liquor monopoly systems.

Long-Term Debt—Debt payable more than 1 year after date of issue.

Motor Fuels Sales Taxes—See under *Sales and Gross Receipts Taxes.*

Motor Vehicle License Taxes—See under *License Taxes.*

Natural Resources—Government activities to conserve, promote, and develop *Agriculture, Fish and Game, Forestry* (see these headings above), and other soil and water resources, including geological research, flood control, irrigation, drainage, and other conservation activities.

Nonguaranteed Debt—Long-term debt payable solely from pledged specific sources—e.g., from earnings of revenue producing activities (university and college dormitories, toll highways and bridges, electric power projects, public building and school building authorities, etc.) or from specific nonproperty taxes. Includes only debt that does not constitute an obligation against any other resources of the government if the pledged sources are insufficient.

Occupations and Business License Taxes—See under *License Taxes.*

Own Source General Revenue—Includes revenue from property, general sales, excise, and individual and corporate income taxes. It does not include intergovernmental revenue, or utility, liquor store, or insurance trust revenues.

Parimutuels Taxes—See under *Sales and Gross Receipts Taxes.*

Parks and Recreation—Cultural-scientific activities, such as museums and art galleries; parks and beaches; and special facilities for recreation, such as auditoriums, stadiums, recreation piers, and boat harbors.

Police Protection—Preservation of law and order and traffic safety. Includes crime prevention activities, detention and custody of persons awaiting trial, and highway patrols.

Property Taxes—Taxes conditioned on ownership of property and measured by its value. Includes general property taxes relating to property as a whole, real and personal, tangible or intangible, whether taxed at a single rate or at classified rates; and taxes on selected types of property, such as motor vehicles or certain or all intangibles.

Public Safety—Comprises the functions of *Police Protection, Fire Protection,* and *Correction.*

Public Utility Taxes—See under *License Taxes* and *Sales and Gross Receipts Taxes*.

Public Welfare—Support of and assistance to needy persons contingent on their need. Excludes pensions to former employees and other benefits not contingent on need. Expenditures under this heading include: cash assistance payments directly to needy persons under categorical and other welfare programs; vendor payments made directly to private purveyors for medical care, burials, and other services provided under welfare programs by welfare institutions; and intergovernmental or other direct expenditure for welfare purposes. Any services provided directly by the government through its *Hospitals* and *Health* agencies are classed under those headings.

Rents and Royalties—Rents from leased properties, mineral leases, royalties, and miscellaneous rentals not relating to facilities incident to the performance of particular functions. Rental revenue from such facilities is classified as revenue from current charges for the activity or function concerned.

Revenue—All amounts of money received by a government from external sources. Revenue is computed as the sum of general intergovernmental revenues, general revenues from own sources (taxes plus current charges plus miscellaneous revenues such as interest earnings), utility revenue, and insurance trust revenues. The number excludes internal transfer of funds, refunds and other correcting transactions, proceeds from the issuance of debt and sales of assets, private trust transactions, and noncash receipts, which are commonly characterized as "in kind" services and commodities.

Sales and Gross Receipts Taxes—Taxes, including "licenses" at more than nominal rates, based on volume or value of transfers of goods or services, on gross receipts therefrom, or on gross income, and related taxes based on use, storage, production (other than severance of natural resources), importation, or consumption of goods. Dealer discounts or "commissions" allowed to merchants for collection of taxes from consumers are excluded.

General Sales or Gross Receipts Taxes—Sales or gross receipts taxes which are applicable with only specified exceptions to all types of goods, all types of goods and services, or all gross income, whether at a single rate or at classified rates. Taxes imposed distinctively on sales of or gross receipts from selected commodities, services, or businesses are reported separately under categories listed below.

Selective Sales and Gross Receipts Taxes—Sales and gross receipts taxes imposed on sales of particular commodities or services or gross receipts of particular businesses, separately and apart from the application of general sales and gross receipts taxes.

Alcoholic Beverages—Selective sales and gross receipts taxes on alcoholic beverages.

Amusements—Selective sales and gross receipts taxes on admission tickets or admission charges and on gross receipts of all or specified types of amusement businesses.

Insurance—Taxes imposed distinctively on insurance companies and measured by gross premiums or adjusted gross premiums.

Motor Fuels—Selective sales and gross receipts taxes on gasoline, diesel oil, and other fuels used in motor vehicles, including aircraft fuel. Note that any amounts refunded are deducted from gross collections.

Parimutuels—Taxes measured by amounts wagered at race tracks, including "breakage" collected by the government.

Public Utilities—Taxes imposed distinctively on public passenger and freight transportation companies, telephone, telegraph, and light and power companies, and other public utility companies and measured by gross receipts, gross earnings, or units of service sold. Taxes levied on such companies on other bases are classified elsewhere in accordance with the nature of papers.

Tobacco Products—Selective sales and gross receipts taxes on tobacco products, including cigarette tubes and papers.

Severance Taxes—Taxes imposed distinctively on removal of natural product—e.g., oil, gas, other minerals, timber, fish, etc., from land or water and measured by value of quantity of products removed or sold.

Short-Term Debt—Interest-bearing debt payable within 1 year from date of issue, such as bond anticipation notes and warrants. Includes obligations having no fixed maturity date if payable from a tax levied for collection in the year of their issuance.

Special Assessments—Compulsory contributions collected from owners of property benefited by special public improvements (street paving, sidewalks, sewer lines, etc.) to defray the cost of such improvements (either directly or through payment of debt service on indebtedness incurred to finance the improvements) and apportioned according to the assumed benefits to the property affected by the improvements.

Taxes—Compulsory contributions exacted by a government for public purposes, except employee and employer assessments for retirement and social insurance purposes, which are classified as insurance trust revenue. All tax revenue is classified as general revenue and comprises amounts received (including interest and penalties but excluding protested amounts and refunds) from all taxes imposed by a government.

Tobacco Products Sales Taxes—See under *Sales and Gross Receipts Taxes*.

Transit—Construction, maintenance, and operation of public mass transit systems—bus, commuter rail, light rail, or subway systems. Excludes systems established solely to transport elementary and secondary school pupils. Ferry systems are classified under *Highways*. See under *Utility*.

Transportation—Comprises the functions of highways, air transportation, parking facilities, water transport and terminals, and transit subsidies.

Utility—A government owned and operated water supply, electric light and power, gas supply, or transit system. Government revenue, expenditure, and debt related to utility facilities leased to other governments or persons, and other commercial type activities of governments, such as port facilities, airports, housing projects, radio stations, steam plants, ferries, abattoirs, etc., are classified as general government activities.

Utility Debt—Debt originally issued specifically to finance government owned and operated water, electric, gas, or transit facilities.

Utility Expenditure—Expenditure for construction of utility facilities or equipment, for production and distribution of utility commodities and services (except those furnished to parent government), and for interest on utility debt. Does not include expenditure in connection with administration of utility debt and investments (treated as general expenditure) and the cost of providing services to the parent government (such costs, when identifiable, are treated as expenditure for the function served).

Utility Revenue—Revenue from sale of utility commodities and services to the public and to other governments. Does not include amounts from sales to the parent government. Also excludes income from utility fund investments and from other nonoperating properties (treated as general revenue). Any revenue from taxes, special assessments, and intergovernmental aid is classified as general revenue, not utility revenue.

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